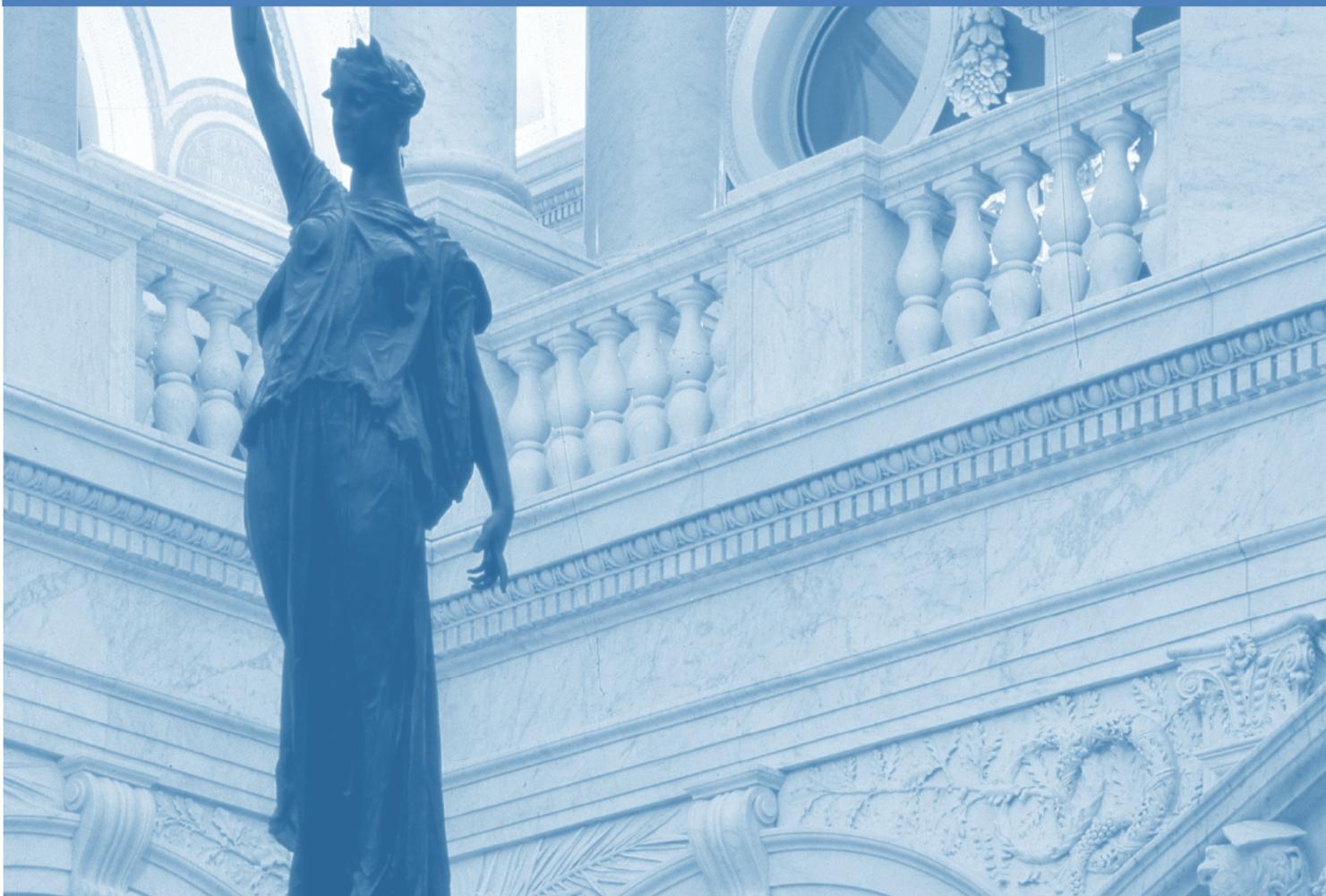




*Audit of Selected Integrated Support Services
Contracts and Task Orders*



Library of Congress Office of the Inspector General

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OFFICE OF THE INSPECTOR GENERAL
LIBRARY OF CONGRESS
101 INDEPENDENCE AVE., SE
WASHINGTON, D.C. 20540

August 27, 2018

MEMORANDUM FOR: Dr. Carla Hayden
Librarian of Congress

FROM: Kurt W. Hyde 
Inspector General

SUBJECT: Report No. 2017-SP-104b, *Audit of Selected ISS Contracts and Task Orders*

This transmits the report of Cotton & Company's LLP (Cotton) audit of selected contracts solicited, awarded, and administered by Integrated Support Services (ISS). The Executive Summary begins on page *i*, and the full text of Cotton's report begins on page 1 in Appendix A.

Cotton's audit found no reportable conditions, therefore it made no recommendations. In the absence of any reportable conditions and recommendations, management declined to respond to the draft report in accordance with LCR 9-160, *Rights and Responsibilities of Employees to the Inspector General*, §6.A. The report is publicly available with redactions.

We appreciate the cooperation and courtesies extended by ISS during this review.

cc: Principal Deputy Librarian
Chief of Staff
Chief Operating Officer
General Counsel
Director, Integrated Support Services

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Summary

The Office of the Inspector General (OIG) engaged the independent public accounting firm, Cotton & Company LLP (Cotton), to conduct a series of audits of the Library of Congress' (Library) contracts and task orders. This will be one in a series of reports. For this effort, OIG selected for Cotton's review four contracts and four task orders from Integrated Support Services (ISS).

The objective of the audit was to evaluate ISS's compliance with the Library of Congress Federal Acquisition Regulation Supplement, which provides guidance for the solicitation, award, administration, and closeout of Library contracts. Cotton performed, among other things the following procedures during the audit:

- assessed the scope, justification, and support for any contract and task order modifications or changes;
- tested a sample of invoices to evaluate contractor performance and compliance with contract terms and conditions;
- reviewed Contracting Officer's (CO) and Contracting Officer Representative's (COR) files to evaluate the contract statement of work (SOW) and determine that contractor deliverables and services complied with the contract or task order; and
- assessed contract files and available public information to determine whether there was evidence of conflict of interest or "less than arm's length" relationship(s) in the contract solicitation, award, administration, or closeout process.

Cotton conducted the audit in accordance with generally accepted government auditing standards.

What the Audit Found

Cotton determined that ISS complied with Library policies and procedures governing the procurement, award, and administration of the selected contracts, with the exception of issues found in the monitoring

and administration of one indefinite delivery indefinite quantity contract and its related task orders.

Cotton found that in FYs 2015 through 2017, the contractor had incurred expenses under task orders that were not in accordance with the SOW. At the direction of the COR, the contractor performed services and submitted invoices that exceeded the amounts obligated for two task orders. The COR did not obtain modifications to add sufficient funding to the task orders to cover expenses incurred [REDACTED]. In addition, a technical point of contact at the Library directed the contractor to perform services that were not funded by a task order.

During the spring of 2017, ISS senior management became aware of the contract violations and took corrective actions. Those actions included personnel disciplinary action, revisions to the SOW and authorized pricing, ratification of amounts owed the contractor authorizing ISS to pay invoices subject to a negotiated settlement/release of claims, assignment of new COR, COR training, and specialized ISS management oversight of the contract and task orders going forward.

Based on the results of Cotton's audit procedures, it determined that ISS complied with Library policies and procedures governing the procurement, award, and administration of the selected contracts and task orders, with the exception of the matters described above.

Recommendations

Based on the results of Cotton's report, OIG has no recommendations.

Management Response

Library management offered no comments based on the final determination of no recommendations.

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Appendix A: Cotton & Company's LLP Report
Integrated Support Services
Performance Audit of Selected Contracts
Library of Congress, Office of the Inspector
General

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Cotton &
Company

Answers Questioned

INTEGRATED SUPPORT SERVICES
PERFORMANCE AUDIT OF SELECTED CONTRACTS
LIBRARY OF CONGRESS
OFFICE OF THE INSPECTOR GENERAL

May 4, 2018

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**INTEGRATED SUPPORT SERVICES
PERFORMANCE AUDIT OF SELECTED CONTRACTS
LIBRARY OF CONGRESS OFFICE OF THE INSPECTOR GENERAL**

I. SUMMARY

The Library of Congress (Library) contains five integral service units that execute the agency's mission. Within each service unit, there are departments responsible for managing programs in support of the agency's overall mission and strategic plan. In most cases each department participates in the procurement, selection of vendors for award, and administration of contracts as necessary to achieve its goals.

The Library's Office of the Inspector General (OIG) engaged Cotton & Company LLP (referred to as "we" in this report) to conduct a performance audit of selected contracts in which Integrated Support Services (ISS) participated in the procurement, award, and administration from September 2014 through December 2017. Our audit objectives were to determine whether ISS complied with Library policies and procedures for the procurement, award, administration, and closeout of the contracts.

Based on the audit procedures performed, we determined that ISS complied with Library contracting policies and procedures for the selected contracts within our audit scope. We communicated the results of our audit to ISS and OIG management and have included ISS's response in Appendix B.

II. BACKGROUND

The Library is a federal legislative branch agency whose mission is to provide Congress, the federal government, and the American people with a rich, diverse, and enduring source of knowledge that can be relied upon to inform, inspire, engage, and support their intellectual and creative endeavors. The Library is the nation's oldest federal cultural institution and serves as the research arm of Congress. In fiscal year (FY) 2017, the Library had an enacted budget of \$684,035,000. The Library relies primarily on appropriated funds to support its programs and operations; however, it also receives funds from other agencies for services provided under the Economy Act and other statutes. In addition, the Library administers several fee-for-service revolving fund programs and receives donations from the public, which are classified as gifts or funds accepted and controlled by the Library Trust Fund Board.

Most federal agencies have an OIG that provides independent oversight of the agency's programs and operations. Part of the Library OIG's mission is to conduct audits, reviews, and investigations to prevent and detect fraud, waste, abuse, and mismanagement in the administration and operations of the Library. In support of this mission, the OIG may conduct

The unauthorized commitments resulted from the following issues:

- The COR and the technical point of contact provided inappropriate direction to the contractor. The technical point of contact did not receive adequate instruction and did not follow proper Library contracting procedures, while the COR re-negotiated pricing, did not ensure that services remained within obligated contract amounts, provided the contractor with inappropriate directions for submitting invoices, and obtained additional funding for services already received without seeking ratification of the excess costs.
- The contract did not define terms that the contractor used when billing the Library based on quantity; these terms varied depending on the manufacturer, which sometimes led to higher costs.
- Activities performed on unrelated Library [REDACTED] under this IDIQ and the resultant task orders. The other [REDACTED] were administered by different CORs who did not coordinate with the COR of the IDIQ; as a result, the Library did not [REDACTED], which resulted in cost overruns.

In June 2017, ISS submitted a Request for Ratification of Unauthorized Commitments to the Library's Chief Financial Officer, General Counsel, and Director of the Office of Contracts and Grants Management (OCGM). The Library ratified the commitment, thus authorizing ISS to pay invoices subject to a negotiated settlement/release of claims between the Library and the contractor. In addition, ISS took the following steps to improve contract oversight in the future:

- Relieved the COR of its duties in managing the IDIQ; the COR later resigned from Library employment.
- Removed the technical point of contact as a role on the IDIQ and all task orders; these documents now only specify a Contracting Officer (CO) and a COR.
- Provided training to ensure that CORs and ISS employees are aware that they should not request services under a contract if the cost will exceed the obligated amount.
- Executed modifications to the IDIQ and related task orders to:
 - Clearly define terms used [REDACTED].
 - Update the statement of work to reflect the COR's responsibility for accepting [REDACTED] in a timely manner.
 - Include more stringent requirements for the manner in which the Contractor stores [REDACTED] and records [REDACTED] receipts in the [REDACTED].
 - Require the Contractor to notify the Library when services provided have reached 80 percent of available funding.
- Required the Director of ISS to actively monitor contract administration and consistently review the knowledge and performance of the new COR.

COTTON & COMPANY LLP

A handwritten signature in black ink, appearing to read "M W Gillespie". The signature is fluid and cursive, with the first name "Michael" and last name "Gillespie" being the most legible parts.

Michael W. Gillespie, CPA, CFE
Partner

APPENDIX A: OBJECTIVES, SCOPE, AND METHODOLOGY

OBJECTIVES, SCOPE, AND METHODOLOGY

We were engaged by the OIG to conduct a performance audit of selected contracts in which ISS participated in the procurement, award, and administration of from September 2014 through December 2017. The purpose of the audit was to examine contracting activities to determine whether ISS performed these activities in compliance with Library policies and procedures governing the solicitation, award, administration, and closeout of the selected contracts.

The OIG used the Library’s financial system, Momentum, to identify contracts to review for propriety. The OIG identified four contracts and four task orders administered by ISS. The agreements selected for review are as follows:

Contract	Agreement Type	Contractor	Period of Performance	Amount
[REDACTED]	IDIQ ¹	[REDACTED]	09/23/2014 – 09/22/2018	\$0
[REDACTED]	Firm-Fixed Price Task Order ²	[REDACTED]	09/23/2016 – 09/22/2017	\$525,509
[REDACTED]	Firm-Fixed Price Task Order ³	[REDACTED]	09/23/2017 – 09/22/2018	\$255,865
[REDACTED]	IDIQ	[REDACTED]	09/29/2014 – 09/28/2018	\$0
[REDACTED]	Firm-Fixed Price Task Order ⁴	[REDACTED]	07/13/2017 – 09/15/2017	\$151,994
[REDACTED]	Firm-Fixed Price Task Order ⁵	[REDACTED]	07/13/2017 – 09/15/2017	\$421,211
[REDACTED]	Fixed Unit Price Contract with Indefinite Quantities	[REDACTED]	05/01/2016 – 04/30/2018	\$2,042,586
[REDACTED]	Firm-Fixed Price Contract	[REDACTED]	07/10/2017 – 07/09/2018	\$278,080

¹ Indefinite-Delivery Indefinite-Quantity (IDIQ) Agreement

² [REDACTED] was a task order issued against IDIQ [REDACTED]. The task order related to Performance Area 1, [REDACTED] Services, and was in Option Year II.

³ [REDACTED] was a task order issued against IDIQ [REDACTED]. The task order related to Performance Area 1, [REDACTED] Services, and was in Option Year III.

⁴ [REDACTED] was a task order issued against IDIQ [REDACTED]. The task order related to [REDACTED] for Phase III of the project.

⁵ [REDACTED] was a task order issued against IDIQ [REDACTED]. The task order related to [REDACTED] for Phase II of the project.

We reviewed these agreements using criteria in the Library of Congress Federal Acquisition Regulation Supplement (LCFARS), which provides internal Library guidance for implementing Federal Acquisition Regulation (FAR) policies and procedures. We also used the Library's Contracts Operating Instructions and internal guidance that OCGM published on the Library's intranet for use by CO and CORs. We used computer-processed data from Momentum, the Library's financial system of record, as well as from the Invoice Processing Platform (IPP).

We performed the following procedures to fulfill the audit objective:

1. Reviewed copies of laws, regulations, and Library policies and procedures related to contract solicitations and awards, conflicts of interest, CO and COR duties and authorities, contract administration, and contract closeout.
2. Reviewed OCGM's pre-award contract files for each solicitation to determine whether the files were complete and whether ISS had procured and awarded the contract or task order in compliance with Library policies and procedures.
3. Reviewed the Technical Evaluation Team's (TET's) records of information such as selection criteria, questions submitted by bidders, and any best-and-final offers to determine:
 - a. Whether TET members and the COR followed Library policies and procedures for the solicitations.
 - b. Whether evaluations and scores were reasonable, consistent, and complete.
 - c. Whether selection criteria was unnecessarily restrictive or favorable to the winning bidder.
4. Reviewed and summarized each contract, task order, modification, or change in the post-award contract files. We documented the scope, justification, and support for any changes to determine:
 - a. How the CO negotiated changes in price.
 - b. Whether the CO documented their evaluation of the modification.
 - c. Whether documentation is available to support the scope of and reason for the changes.
 - d. Whether the modification appears to be reasonable and supported by contractor documentation.
 - e. Whether ISS evaluated and executed the changes in accordance with Library policies and procedures.
5. Tested a sample of invoices selected using financial data from Momentum and IPP to evaluate contractor performance and determine whether the contractor complied with all contract terms and conditions.
6. Conducted meetings with the COs and CORs for each contract and task order, as necessary, to obtain an understanding of the purpose of the contract, ask questions that arose from our review of the contract files, and obtain the CO and COR's files.

7. Reviewed the CO and COR files in conjunction with the contract and statement of work to determine whether the contractor is providing the required deliverables and services, whether the contractor's work is within the scope of the contract, and whether ISS is appropriately administering the contract in accordance with Library policies and procedures.
8. Reviewed information about the awarded contractors' officers and owners, as well as information about the Library employees involved in developing, evaluating, or awarding the solicitation and administering the contract, to determine if there was any evidence of conflicts of interest or less-than-arm's-length relationships.

We conducted this performance audit in accordance with Generally Accepted Government Auditing Standards. Those standards require that we plan and perform the audit to obtain sufficient, appropriate evidence to provide a reasonable basis for our findings and conclusions based on our audit objectives. We believe that the evidence obtained provides a reasonable basis for our findings and conclusions based on our audit objectives.

APPENDIX B: INTEGRATED SUPPORT SERVICES RESPONSE

Appendix B: Management Response

The Library chose not to submit comments.