



LIBRARY
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OF CONGRESS

**Office of the Inspector General
Semiannual Report to Congress
September 2019**



This edition of the Office of the Inspector General's Semiannual Report to Congress was inspired by the Norton/Library of Congress visual source book in architecture, design, and engineering, *Railroad Stations: The Buildings That Linked the Nation* by David Naylor, and features visual images and maps from the Library's collections. At the turn of the 20th Century, railway lines crisscrossed the United States and played a major role in our nation's growth and development. This report showcases some of the diverse features from that time period. From the modest carriage stops in the west to the waiting rooms of grandeur in union stations, these scenes act as centerpieces in the movement of everyday life in America.

THIS PAGE [ABOVE]: CHICAGO, ILLINOIS. IN THE WAITING ROOM OF THE UNION STATION. DELANO, JACK, 1943. PART OF THE FARM SECURITY ADMINISTRATION - OFFICE OF WAR INFORMATION PHOTOGRAPH COLLECTION.

FRONT COVER [BACKGROUND]: CEILING OF THE CINCINNATI MUSEUM CENTER AT UNION TERMINAL, CA. 1933. PART OF THE HISTORIC AMERICAN BUILDINGS SURVEY COLLECTION. [TOP]: NEWARK PASSENGER STATION, PENNSYLVANIA RAILROAD. WAITING ROOM, SUNLIGHT AND PASSENGERS, MCKIM, MEAD & WHITE, CLIENT, GOTTSCHO-SCHLEISNER, INC., 1935.

BACK COVER: THE CALLOWAY CANAL. WATKINS, CARLETON E., CA. 1881. VIEW OF TRACKS AT THE SOUTHERN PACIFIC RAILROAD BRIDGE OVER THE CALLOWAY CANAL, KERN COUNTY, CALIFORNIA.

REPOSITORY: PRINTS & PHOTOGRAPHS DIVISION, LIBRARY OF CONGRESS.



September 30, 2019

MESSAGE FROM THE INSPECTOR GENERAL

The Library of Congress is making progress on its five-year strategic plan, *Enriching the Library Experience*, implemented on October 1, 2018. The strategic plan was designed to create a more user-centered, digitally enabled, and data-driven institution. The Library's service units have been working since the plan's release to update and refine their directional plans, which are expected to set the units' goals in service to the Library's strategic plan and to the units' unique missions. To maintain progress, service units now need to follow through on their directional plans.

For strategic planning execution efforts to be effective, service units need to act with care and diligence in planning and project management. To this end, during this semiannual period, we identified the challenges associated with planning and executing the U.S. Copyright Office's information technology modernization program, an effort to improve user services and systems in the U.S. Copyright Office. Due to the complexity, magnitude, and importance of the modernization effort, we have added the program as a new top management challenge for the Library and discuss it in the Top Management Challenges section of this report. In this section, we also discuss the need for the Financial Services Directorate to embrace the best practices recognized by the Government Accountability Office for developing and managing capital program costs.

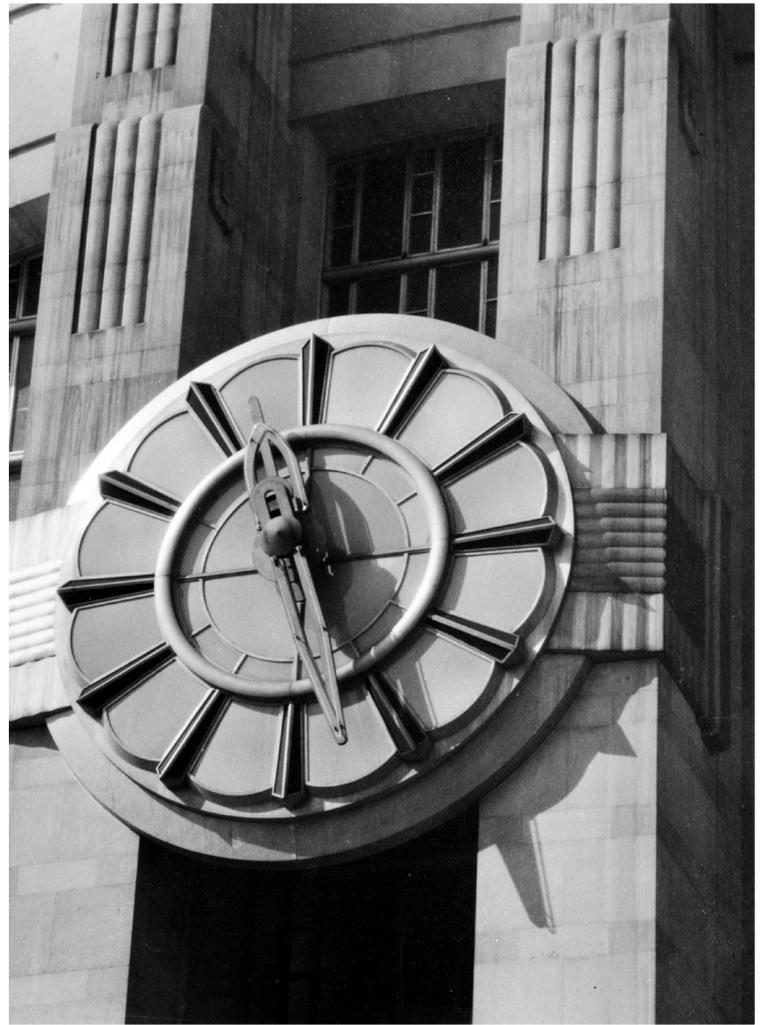
During this semiannual period, we issued reports in the areas of strategic planning and performance measurement, information technology, financial management, and other areas. The Library implemented 20 of our recommendations from prior semiannual periods. Thirteen of the recommendations are not identified here because they were in reports that were not released publicly.

A handwritten signature in blue ink, appearing to read "Kurt W. Hyde". The signature is stylized and fluid.

Kurt W. Hyde
Inspector General

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ABOVE: SINCE ITS OPENING IN 1933, THE CINCINNATI UNION TERMINAL HAS A STORIED HISTORY INCLUDING WELCOMING SOLDIERS HOME FROM WORLD WAR II TO BECOMING THE NEW HOME OF THE CINCINNATI HISTORY LIBRARY AND ARCHIVES. THE TERMINAL'S DESIGN REPRESENTS A BREAK FROM THE NEO-CLASSICAL STYLE PREVALENT AMONG EARLIER RAILROAD STATIONS. IT IS A MANIFESTATION OF ART-DECO ARCHITECTURE AND IS REPRESENTATIVE OF THE MODERN STYLE COMMON IN THE UNITED STATES AT THE TIME.

REPOSITORY: PART OF THE HISTORIC AMERICAN BUILDINGS SURVEY COLLECTION, PRINTS & PHOTOGRAPHS DIVISION, LIBRARY OF CONGRESS.

PROFILES

LIBRARY OF CONGRESS

The Library is the research and information arm of the United States' national legislature and the world's largest knowledge reserve. The Library's mission is to engage, inspire, and inform Congress and the American people with a universal and enduring source of knowledge and creativity. This mission is accomplished through the work of approximately 3,200 permanent employees.

Founded in 1800, the Library is also the nation's first federal cultural institution, holding more than 167 million physical items on approximately 838 miles of bookshelves. These items include books and other print materials, recordings, photographs, maps, sheet music, and manuscripts. The Library occupies three buildings on Capitol Hill and Taylor Street Annex in Washington, DC and the Packard Campus of the National Audio-Visual Conservation Center in Culpeper, Virginia. In addition, the Library operates six overseas offices and stores collections material in purpose-built facilities in Maryland.¹

The Library has six primary components:

- Office of the Librarian
- Chief Operating Officer Service Unit
- Office of the Chief Information Officer
- Library Collections and Services Group, which manages three traditional library operations
 - Law Library
 - Library Services
 - National Library Service for the Blind and Print Disabled²
- U.S. Copyright Office
- Congressional Research Service

The Office of the Librarian provides leadership and executive management to the Library, overseeing the implementation of the Library's mission. It includes the Principal Deputy Librarian, the Office of Communications and External Relations, and the Office of the Chief of Staff. The Office of the Chief of Staff includes two new centers that focus on user engagement and fostering access to the Library's collections for research, teaching, and visitor education: the **Center for Exhibits and Interpretation** and the **Center for Learning, Literacy, and Engagement**.

¹ Additionally, the Library has materials stored (per interagency contracts) in Cabin Branch and Landover, Maryland and Pittsfield, Massachusetts as well as per contract in Fredericksburg, Virginia. The Library also has materials stored in its overseas offices.

² The National Library Service (NLS) for the Blind and Physically Handicapped, as it has been known since 1966, received a new name on October 1, 2019. NLS is now the National Library Service for the Blind and Print Disabled.

The Chief Operating Officer Service Unit manages and administers the Library's non-information technology infrastructure functions and daily operations, including oversight of the Human Capital Directorate, the Financial Services Directorate, the Contracts and Grants Directorate, the Integrated Support Services Directorate, the Security and Emergency Preparedness Directorate, and Library Enterprises that operate on a cost recovery basis.

The Office of the Chief Information Officer has agency-wide responsibility over all aspects of managing Library digital strategy and IT strategies and resources. This includes development and implementation of the Library of Congress IT strategic plan, guiding Library leadership on digital futures, advising on the technology market, and serving as a solution broker for the agency. It also includes assessing, designing, developing, maintaining, standardizing, optimizing, and protecting the Library's IT resources. IT resources include all Library budgetary, personnel, equipment, and facilities resources and services that are primarily used for the management, operation, acquisition, disposition and transformation or other activity related to the lifecycle of IT. The Library's digital collections content is managed by the appropriate service unit with statutory or curatorial responsibilities for a given collection.

The Library Collections and Services Group (LCSG) oversees units responsible for acquiring, stewarding, describing, and serving Library collections and manages fellowships and internships. The LCSG includes: the **Law Library**, which assists Congress and the legislative process by providing comprehensive research on foreign, comparative, international, and U.S. law and other legal reference services; **Library Services**, which performs the traditional functions of a national library, such as acquisitions, cataloging, preservation, and reference services for both digital and conventional collections and operates the National Audio-Visual Conservation Center and the American Folklife Center, among other programs; the **National Library Service for the Blind and Print Disabled**, which is a national program that circulates books and magazines in braille and audio formats to people with temporary or permanent low vision, blindness, or a physical disability that prevents them from reading or holding the printed page; and the **John W. Kluge Center**, which brings together the world's best thinkers to contribute to the conversation about the challenges facing democracies in the 21st century through residential fellowships, lectures, and other research opportunities.

The U.S. Copyright Office administers the nation's copyright laws for the advancement of the public good, offers services and support to authors and users of creative works, and provides expert impartial assistance to Congress, the courts, and executive branch agencies on questions of copyright law and policy.

The Congressional Research Service supports the legislative process by providing, exclusively to Congress, objective, confidential, and nonpartisan assessments of public policy issues and legislative options for addressing those issues.

In fiscal year (FY) 2018, the Library

- drew nearly 1.9 million onsite visitors and recorded approximately 114 million visits and 497.9 million page views on the Library's web properties;
- responded to more than 1 million reference requests from Congress, the public, and other federal agencies;
- circulated nearly 21 million copies of braille, audio, and large-print items to about 973,000 blind and physically handicapped reader accounts; and
- issued more than 560,000 copyright registrations.

OFFICE OF THE INSPECTOR GENERAL

Last year marked the 40th anniversary of the Inspector General Act and the creation of the original 12 offices of inspectors general. The Library's Office of the Inspector General (OIG) was established in 1988 as a non-statutory office deriving its authority from the Librarian of Congress. OIG became statutory with the passage of the Library of Congress Inspector General Act of 2005 (2 U.S.C. § 185), with a mandate to

- independently conduct and supervise audits and investigations of fraud, waste, and abuse relating to the Library;
- lead, coordinate, and recommend policies to promote economy, efficiency, and effectiveness; and
- keep the Librarian of Congress and the Congress fully and currently informed about problems and deficiencies relating to the administration and operations of the Library.

We are part of a community of Inspectors General through the Council of Inspectors General on Integrity and Efficiency (CIGIE) who collectively oversee operations in the executive and legislative branches. In the years to come, we look forward to continuing our efforts to provide independent and effective oversight, such as through our Semiannual Reports to Congress as required by the Inspector General Act. Every six months we provide Congress with this report detailing our independent oversight

OPPOSITE: RAILROAD STATION, FARGO, NORTH DAKOTA. FARGO. ROTHSTEIN, ARTHUR, 1939.

REPOSITORY: PART OF THE FARM SECURITY ADMINISTRATION - OFFICE OF WAR INFORMATION PHOTOGRAPH COLLECTION, PRINTS & PHOTOGRAPHS DIVISION, LIBRARY OF CONGRESS.

of the Library. The semiannual report presents information on

- the Library's top management challenges;
- significant audits, investigations, and other activities of the OIG;
- OIG's review of legislation and regulations affecting the Library; and
- Library decisions on OIG recommendations and the status of implementation, along with any resulting monetary benefits.

The Audits Division conducts in-depth reviews that address the efficiency, effectiveness, and economy of the Library's programs, activities, and functions; provides information to responsible parties to improve public accountability; facilitates oversight and decision-making; and initiates corrective action as needed.

The Audits Division also contracts with an independent public accounting firm that examines whether financial statements fairly present financial positions, results of operations, and budgetary resources. The firm also assesses whether the Library and other entities have adequate financial reporting internal control systems that comply with applicable laws and regulations. OIG reports are available at www.loc.gov/about/oig.

The Investigations Division addresses alleged or suspected wrongdoing by agency employees, contractors, or others responsible for handling federal resources. Violations of Library regulations or fraud committed against the Library can result in administrative sanctions and criminal or civil prosecution. Contact information for the OIG Hotline is located on the inside back cover of this report.



TOP MANAGEMENT CHALLENGES

OIG assesses certain top management challenges for each semiannual report. For this report, we assessed **U.S. Copyright Office's Information Technology (IT) Modernization Program** and the **Financial Management and Reporting**. This is the first time OIG has identified the Modernization Program as a top management challenge. The Library has five other top management challenges:

- **Strategic Planning and Performance Management.** Many of the Library's management challenges over the years have flowed from a historic lack of proper strategic planning and performance management.
- **Digital Strategic Planning and Execution.** A more strategic approach to digital services and collections is necessary because of the pace of digital innovation and the need for the Library to act on many fronts to execute a timely and cost-effective digital transformation.
- **IT Modernization.** The key to the Library successfully developing a modern IT environment is the Office of the Chief Information Officer (OCIO) using a strategic approach to improve its IT governance, establishing accountability for IT investments, implementing well-designed, secure, and business-driven networks and computing facilities, and employing IT best practices.
- **Contracting.** An area of long-standing challenge, the Library needs to prioritize the importance of an effective organization-wide procurement function.
- **Collection Services Workflow.** This top management challenge, formerly known as Collections Storage, pertains to the Library's need to broaden its capability to perform end-to-end monitoring of its collections services workflow in order to better manage its arrearage and number of items collected and stored. We identify Library Services' collections storage activities as being part of a supply chain of processes that include selection, digitization, preservation, and storage services, among other processes.

U.S. COPYRIGHT OFFICE'S MODERNIZATION PROGRAM

The U.S. Copyright Office (USCO or Copyright) is a service unit of the Library of Congress and is responsible for administering copyright law within the United States. In FY 2018, the Library's Office of the Chief Information Officer (OCIO) and USCO initiated a joint effort to develop a future-state version of USCO's IT system as part of USCO's larger modernization program. OIG issued a report on these activities in August 2019.³ The larger modernization effort is a USCO-wide initiative to

³ *Library Working through Agile Delivery Method Challenges for Copyright IT Modernization Project*, August 2019, 2018-IT-107.

(1) build a new enterprise copyright system featuring a user-centered and flexible design, (2) streamline processes and policies, (3) improve access, and (4) re-imagine the entire USCO.⁴

The modernization program has two key components:

- ensuring that non-IT activities are efficient and aligned with the Office’s strategic goals, including workflows to improve business efficiencies, enhancing communications and collaboration, training staff, and updating regulations to streamline Copyright Office practices; and
- transforming all of Copyright’s multiple IT systems into a single improved and integrated enterprise IT system.

Leading this major investment is USCO’s Copyright Modernization Office. The office is staffed with business and program specialists working together to lead and manage day-to-day modernization activities. The Library’s Technology Strategy Board estimates that the total development costs in FY 2020 alone will approximate \$14.7 million.⁵ At the start of the modernization program, USCO forecasted that the entire effort would cost approximately \$165 million.

The fundamental premise of achieving excellence with programmatic changes such as the Modernization Program is effectively balancing the components of time, cost, scope, quality, and expectations for each. The components have a symbiotic relationship and should not be considered in a vacuum. They must be carried out in coordination and cooperation with all appropriate stakeholders.⁶

For the Modernization Program to be executed effectively, the accountable executives must work together constructively. To start, USCO, OCIO, and the Financial Services Directorate (FSD) (which is part of Chief Operating Officer Service Unit (COO)) executives need to be able to quantify and qualify the program’s benefits. They also need to collaborate to ensure that the program is adequately planned and properly managed, and that its status is monitored early, often, and closely. No project of this magnitude is immune to failure. The potential troubles are well known and documented in the private sector and government: missed deadlines, blown budgets, unmet expectations, and internal resistance. How teams respond to problems is highly

⁴The primary IT components of the planned Enterprise Copyright System (ECS) reflect the three principal functions of the Office: Copyright registration, copyright recordation, and statutory licensing. These principal components will be integrated along with other required functionality necessary for administering the Copyright Act, including functionality for providing information to the public, accounting for fees, ensuring a robust public record, management of copyright deposits, and stewardship of the Office’s fiduciary accounts. In FY 2019, the Office’s historical records project, a large-scale historical records digitization project that has been ongoing for a number of years, was brought under the umbrella of “modernization” for purposes of communications between the Library, the Copyright Office and congressional committees.

⁵The estimate includes approximately \$6.2 million in labor costs and another \$8.5 million in other costs according to the Library’s draft *FY 2020 IT Finance Plan*, dated August 7, 2019.

⁶The project/program management principles described here were outlined by David Hamil in *Your Mission, Should You Choose To Accept It: Project Management Excellence*, 2001.

indicative of an efforts eventual success or failure. With proper planning, the support and collaboration of senior management, sound program/project management, and proactive involvement, the Library executives can mitigate many common mistakes.⁷

Building on our prior work, OIG has designated USCO's modernization program as a top management challenge because of the complexity, magnitude, and importance of the program to fulfilling USCO's mission. As noted by the Government Accountability Office (GAO), major IT efforts need greater monitoring because often they run into trouble, and Congress has expressed an interest in improving their outcomes. GAO states:

While federal IT investments can improve operational performance and increase public interaction with the government, too often they incur too much risk, cost much more than expected, take much longer to complete, and do not meet their intended performance objectives. Over the past three decades, Congress has monitored IT investments and expressed interest in improving their outcomes.⁸

Congress and the copyright community have expressed concerns regarding the current modernization effort, and OIG notes that USCO has also experienced difficulty in successfully completing a prior major IT investment.⁹ Executive management can mitigate these risks.

Going forward, all parties must have clarity on the scope of effort and their abilities to perform— As explained in more detail below, the Library's executive team must demonstrate that it has the full complement of knowledge, skills, and abilities to ensure success as laid out in the *GAO's Schedule, Cost, and Agile Guides*¹⁰ and to be adequately prepared to manage risks. There is no reason why the current organizational approach to modernization cannot succeed—it will however require collaboration among senior management, as well as clarity on the scope of the effort and fulfillment of roles, responsibilities, and necessary processes. USCO, OCIO, and FSD executives, should promptly implement the practices outlined in the *GAO Guides* to effectively execute the modernization program, monitor progress, and ensure accountability.

⁷ Ibid.

⁸ *GAO Agile Assessment Guide: Exposure Draft and Chapter Status Updates*, March 2019, page 5.

⁹ USCO's unsuccessful development of an electronic licensing system in the past highlights the need to implement stronger project management processes. Copyright originally estimated the system to cost approximately two million dollars, and ultimately it cost USCO more than five times that amount, not including internal costs. The development effort that started in 2010 also took about three years longer than originally forecast and resulted in an undelivered system. Along the development path, there were no indications by USCO executives that the effort was in trouble, such as in Congressional Budget Justifications. See *FY 16 Review of Systems Development Life Cycle*, February 2017, 2016-IT-102.

¹⁰ *Schedule Assessment Guide: Best Practices for Project Schedules*, December 2015, GAO-16-89G; *GAO Cost Estimating and Assessment Guide*, March 2009, GAO-09-3SP; *GAO Agile Assessment Guide: Exposure Draft and Chapter Status Updates*, March 2019.



ABOVE: D&RGW (DENVER & RIO GRANDE WESTERN) STATION, GLENWOOD SPRINGS, COLORADO, 1900. WITH THE COLORADO RIVER ACROSS ITS TRACKS TO THE NORTH, THE SOUTH SIDE OF THE STATION FEATURED A STAIRCASE BUILT INTO THE HILLSIDE TO LEAD DOWN TO THE STREET.
REPOSITORY: PART OF THE DETROIT PUBLISHING COMPANY PHOTOGRAPH COLLECTION, PRINTS & PHOTOGRAPHS DIVISION, LIBRARY OF CONGRESS.

The Library's skills gap contributes to the Modernization Program's implementation risks— As a whole, the Library must improve its program and project management practices. OIG has stated previously that the Library's top executives and service unit managers need to develop better programmatic implementation skills that comport to best practices.¹¹ Such skills are critical for the success of the modernization program, and the imperative for executive management is to obtain these skills because USCO and OCIO have already started significant modernization-related activities over the past two years. The *GAO Schedule Guide* outlines, for example, the importance of having a reliable master schedule to effectively delineate the scope, monitor progress, and ensure accountability. GAO states:

The success of a program depends in part on having an integrated and reliable master schedule that defines when and how long work will occur and how each activity is related to the others... The program schedule provides not only a road map for systemic project execution but also the means by which to gauge progress, identify and resolve potential problems, and promote accountability at all levels of the program... The reliability of the schedule determines the credibility of the program's forecasted dates for decision making.¹²

¹¹ For example, see *Continued, Persistent Focus Needed to Strengthen the Library's Strategic Planning and Performance Management*, July 2018, 2019-SP-103 and congressional testimony before the Committee on House Administration, July 25, 2018. Also, see congressional testimony before the Committee on House Administration, June 8, 2017.

¹² *Schedule Assessment Guide: Best Practices for Project Schedules*, December 2015, GAO-16-89G, page 1.

The *GAO Schedule Guide* goes on to refer to this schedule as an integrated master schedule that “integrates the planned work, the resources necessary to accomplish that work, and the associated budget” and that the integrated master schedule “should be the focal point of program management.”¹³

For programmatic implementation to succeed at the Library—particularly for implementation of the modernization program—cross-collaboration is necessary between OCIO, FSD, and the business unit. However, ultimately, the business unit plays the most fundamental part, and this is the case for USCO in relation to the modernization program. OIG made this point in a July 2019 memorandum to the Library’s Executive Committee:

Essentially, implementing an initiative from a strategic or directional plan often crosses unit boundaries, and involves critical components that comprise a “three legged stool”—at the Library those would be: [FSD], the business unit, and OCIO. Activities from each should be integrated into [a] master schedule, and then the [program execution] critical path¹⁴ within the plan is determined.

The business unit plays the most fundamental part in ensuring that the critical path is developed and followed—it leads the effort and has ultimate accountability. The effort requires all parties to engage in proactive communication, a constant pushing and pulling of information, and ensuring that all parties understand their role and are held accountable.¹⁵

Further, OIG stated that as the Library implements its strategic and directional plans, portfolio/program/project management and critical path methodologies become extremely important to achieving outcomes, including cost management.

USCO and Others Need to Implement Stronger Program and Project Management Processes— Making effective use of project management tools, such as scheduling, critical path, and cost accounting methodologies, will be essential to monitoring progress and ensuring accountability for the modernization program. With successful use of these tools, USCO, OCIO, and FSD will be able to keep Library executives and stakeholders abreast of variances in scope, quality, schedule, and costs.

For the modernization program, USCO, OCIO, and FSD comprise the three-legged stool upon which the success of the program depends. Under the Library’s current organizational design, USCO is the leader directing the development towards its desired “to be” state, including the delineation of the scope, design and implementation of processes, and addressing human capital requirements; OCIO provides the

¹³ Ibid., page 5.

¹⁴ A critical path sets forth a program’s/project’s critical activities that, if delayed individually, will delay the completion of the program/project and negatively affect its outcome.

¹⁵ OIG memorandum to members of the Library of Congress Executive Committee, *Critical Path Method for Program Planning Implementation*, July 11, 2019.

development expertise and ensures that applications and other IT needs are appropriate and delivered on a timely basis with the least amount of cost; and FSD must ensure that all project costs are captured, variances are tracked and reported, and adequate cost data is provided on a timely basis to management and stakeholders for decision making. Perhaps most importantly, for the modernization program to succeed, USCO must operate using an integrated master schedule and identify a critical path, as described in the *GAO Schedule Guide*, to ensure that vital activities are performed across these functional areas and operate in concert. Currently, USCO has neither.

OIG discussed these issues with the Library and USCO. We are pleased that they acknowledged the complexities of USCO's modernization program, and USCO is soliciting assistance from an outside consulting firm to develop an integrated master schedule. The intent is to have the integrated master schedule incorporate the planned work, the resources necessary to accomplish the work, and the associated budget over the projected development time line. The integrated master schedule is also expected to show the various interdependencies that exist along the modernization program's critical path to ensure that the entire effort operates efficiently. The consultive team is expected to train their Copyright Management Office on how best to implement this integrated master schedule. Additionally, to its credit, USCO has awarded contracts for assistance in developing business process re-engineering of Copyright systems and processes¹⁶ and a contract to assist it with organizational change.¹⁷ Obtaining this assistance will help to ensure that the modernization program's outcomes are achieved.

OCIO plays a significant role in the development of modernization program applications. Both USCO and OCIO expressed a desire to use the "agile" development methodology¹⁸ in developing the modernized copyright system. OIG has stated that USCO and OCIO will need to take certain additional steps to take advantage of the benefits associated with an Agile methodology.¹⁹ In its March 2019 draft *Agile Assessment Guide* (Agile Guide), GAO stated:

[T]ransitioning to Agile software development can be challenging because Agile methods require organizations to do more than implement new tools, practices, or processes... Agile requires a re-evaluation of existing organizational structures, planning practices, business and program governance, and business measures, in addition to technical practices and tools.²⁰

¹⁶ The objectives of this project are, among other things, to improve operations and service to achieve better processing times and create timely public record, and use staff and space more efficiently.

¹⁷ Some of the desired outcomes of this effort include improving internal communication, breaking silos, building trust across the organization, becoming results driven, and employee empowerment.

¹⁸ Agile is a term used to describe approaches to software development emphasizing incremental delivery, team collaboration, continual planning, and continual learning, instead of trying to deliver it all at once near the end.

¹⁹ 2018-IT-107.

²⁰ *GAO Agile Assessment Guide: Exposure Draft and Chapter Status Updates*, March 2019, page 13.

In that guide, GAO also stated, “Agile may not be the appropriate method for all software development. The decision to adopt Agile software development will depend on a multitude of factors, such as the stability of requirements, nature of the system, or program complexity.”²¹ Thus, the decision to use Agile for development of applications must be collaborative, properly evaluated, and deliberately implemented.

OCIO has recently determined that in order to more effectively implement Agile it will hire temporary Agile-experienced employees to perform development work. Such an approach carries significant risk and can be difficult to manage. This approach needs to be carefully planned before the implementation trigger is pulled.

Our recent audit of USCO’s effort to develop the future-state version of USCO’s Recordation system as part of the larger modernization effort highlighted some



ABOVE [LEFT]: NEW YORK, NEW YORK. INSTALLING THE DEFENSE BOND SALES PHOTOMURAL PREPARED BY THE FARM SECURITY ADMINISTRATION IN THE CONCOURSE OF THE GRAND CENTRAL TERMINAL. CROWD WATCHING. ROSSKAM, EDWIN, 1941. PART OF THE FARM SECURITY ADMINISTRATION - OFFICE OF WAR INFORMATION PHOTOGRAPH COLLECTION.

[RIGHT]: INTERIOR VIEW OF GRAND CENTRAL TERMINAL, NEW YORK, NEW YORK, 1941.

REPOSITORY: PRINTS & PHOTOGRAPHS DIVISION, LIBRARY OF CONGRESS.

²¹ Ibid., page 14.



ABOVE: GRAND CENTRAL TERMINAL, NEW YORK CITY [TWO IMAGES]. COLLIER, JOHN, JR., 1941.
REPOSITORY: PART OF THE FARM SECURITY ADMINISTRATION - OFFICE OF WAR INFORMATION PHOTOGRAPH COLLECTION,
PRINTS & PHOTOGRAPHS DIVISION, LIBRARY OF CONGRESS.

positives in its effort, as well as some struggles that management can easily overcome. The development teams—those responsible for “working in the weeds” on the application functionality—demonstrated competence in its efforts and are on the path for producing the application. Management and executives were struggling with the approach because there was no agreement to term definitions and processes that were used within the organization and project.²² Further, we were not able to determine whether the Recordation development effort was on schedule and within budget—a major gap.²³

Likewise, as part of the critical path to success, FSD must take steps. The Directorate must acquire the cost accounting skills and apparatus necessary to track development costs and ensure warning flags are in place to advise senior management if the modernization program starts to vary materially from its budget. GAO has found that government agencies lacked uniform guidance on cost estimating practices and procedures that would be the basis for formulating valid, consistent, and comparable estimates. GAO stated, “Developing a good cost estimate requires stable program requirements, access to detailed documentation and historical data, well-trained and experienced cost analysts, a risk and uncertainty analysis, the identification of a range of confidence levels, and adequate contingency and management reserves.”²⁴ COO should take the lead in ensuring that the Library implements a sound cost accounting methodology to capture all project and program costs so that proper analysis can be performed.

²² In its Agile Guide GAO stated, “...if this step [of establishing agreement on term definitions and processes] is skipped, teams can have difficulty later on, for example, in agreeing to whether or not a segment is “done.” See page 9.

²³ 2018-IT-107.

²⁴ *GAO Cost Estimating and Assessment Guide: Best Practices for Developing and Managing Capital Program Costs*, March 2009, GAO-09-3SP, page 17.

FINANCIAL MANAGEMENT AND REPORTING

In September 2018, we reported financial management and reporting as a new top management challenge for the Library. In preparation for this semiannual report, we initiated an evaluation of the progress made by the Library in addressing the material weakness, significant deficiencies, noncompliance with laws and regulations, and management letter comments reported by the independent public accountants during their FY 2017 Library financial statements audit.²⁵ As part of the evaluation, we identified practices to strengthen financial management and reporting. The evaluation will be completed over the next semiannual report period.

In May 2019, we issued the results of the Library's FY 2018 financial statements audit.²⁶ Although the Library eliminated its material weakness, the independent public accounting firm reported a significant deficiency and 14 management letter comments, as reported Table 1.²⁷ The FY 2019 financial statements audit is scheduled for completion in April 2020. A reliable system of internal controls over financial reporting is vital for an agency to accurately and reliably report on its financial transactions and position. Agency management relies on financial reporting for decision-making and accountability to Congress and the American taxpayer. For the Library to better address its financial management deficiencies, it needs to implement project management practices, and improve its tracking and reporting of costs.

**TABLE 1: SUMMARY OF FINANCIAL STATEMENT FINDINGS
FYs 2015–2018**

FY	MATERIAL WEAKNESS	SIGNIFICANT DEFICIENCY	NONCOMPLIANCE WITH LAWS AND REGULATIONS	MANAGEMENT LETTER COMMENTS	TOTAL DEFICIENCIES
2015	-	-	-	2	2
2016	-	4	-	6	10
2017	1	3	1	7	12
2018	-	1	-	14	15

²⁵ The American Institute of Certified Public Accountants (AICPA) defines a material weakness as a deficiency, or combination of deficiencies, in internal control, such that there is a reasonable possibility that a material misstatement of an entity's financial statements will not be prevented, or detected and corrected, on a timely basis. A significant deficiency is a deficiency, or combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance. A deficiency in internal control exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct misstatements on a timely basis. See: AICPA's Statements on Standards No. 115, *Communicating Internal Control Related Matters Identified in an Audit*.

²⁶ 2018-FN-101, *Results of the Library of Congress' FY 2018 Financial Statements Audit*, May 2019.

²⁷ Management letter comments report control deficiencies that are not considered material weaknesses or significant deficiencies.

More robust planning efforts will help ensure appropriate and timely action— FSD (a part of COO) prepared a corrective action plan for addressing the financial statements audit recommendations. According to FSD’s corrective action plan, it is relying on a combination of contractor and government performance to address audit recommendations. Although the corrective action plan provides some insight into the status of FSD’s development efforts, it does not reflect all planned efforts necessary to successfully complete the corrective action plan. FSD needs a more robust planning effort, in particular an integrated master schedule to effectively delineate the scope, monitor progress, ensure timely action, and ensure accountability. This effort will entail following project management methodologies such as the Project Management Institute’s, *A Guide to the Project Management Body of Knowledge* (PMBOK) and the GAO’s *Schedule Assessment Guide*.

*Reporting of budget and spending information can be improved—*The Library also has not implemented effective and systematic procedures to capture IT cost accounting data. In September 2018, we reported that a vital step towards developing an effective

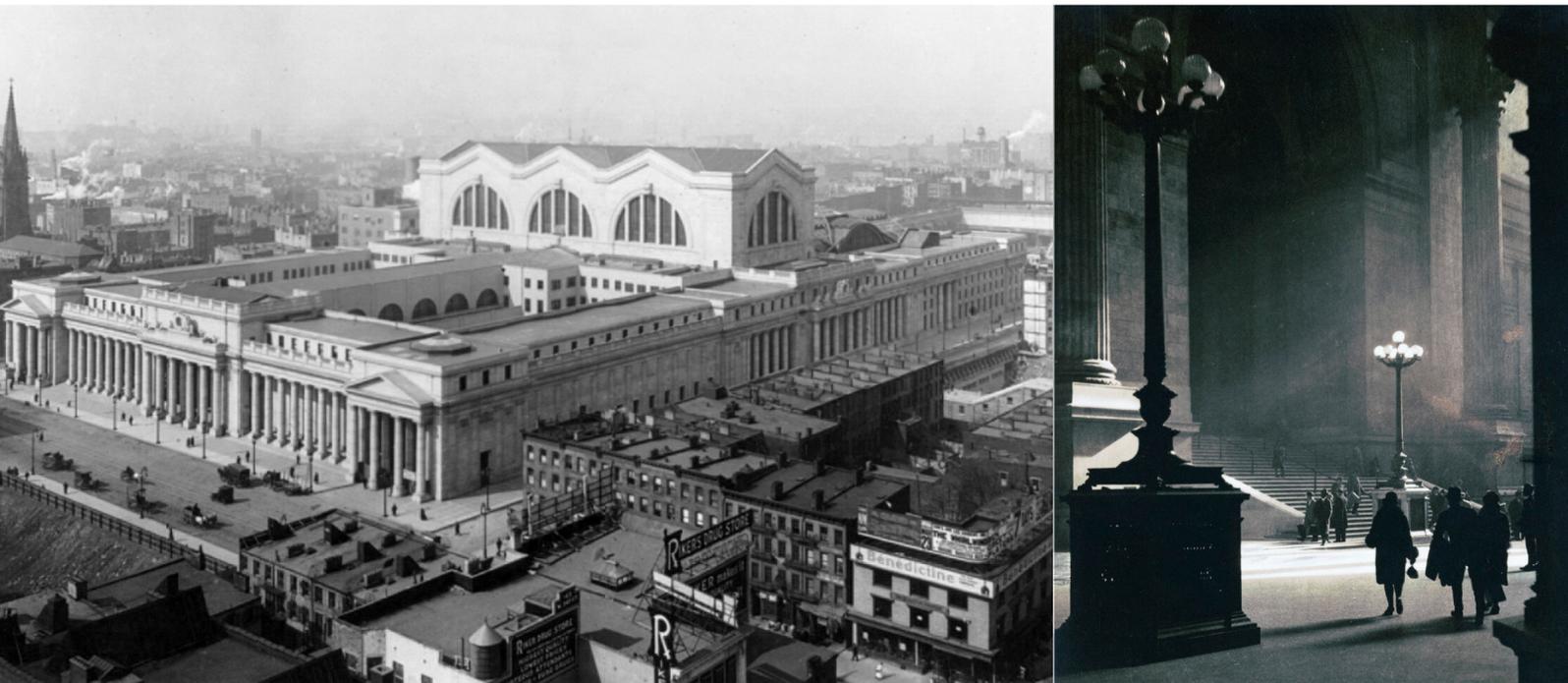
THE CHICAGO AND NORTH WESTERN RAILWAY BUILT THE CHICAGO AND NORTH WESTERN TERMINAL TO REPLACE ITS WELLS STREET STATION ACROSS THE CHICAGO RIVER. THE NEW STATION’S 16 TRACKS WERE ELEVATED ABOVE STREET LEVEL AND SIX "APPROACH TRACKS" WERE SHELTERED UNDER THIS 894 FEET LONG BUSH TRAIN SHED. BELOW: TRAIN SHED, C. & N.W. Ry. [CHICAGO AND NORTH WESTERN RAILWAY STATION], CHICAGO, ILL., 1910. REPOSITORY: PART OF THE DETROIT PUBLISHING COMPANY PHOTOGRAPH COLLECTION, PRINTS & PHOTOGRAPHS DIVISION, LIBRARY OF CONGRESS.



IT cost accounting methodology involved developing technology business management (TBM).²⁸ TBM provides the foundation for improving IT investment decision making and related analysis. When fully implemented, TBM will provide Library management with the capability to provide transparency into IT spend, improve engagement with stakeholders, and foster better cross-functional decision-making about IT investments. With the help of TBM, the Library will be able to better link IT decisions to the capabilities that the business needs and tie IT demand to business value.

Designed to give senior management the facts they need to collaborate on business-aligned decisions, TBM provides a framework founded on transparency for cost, consumption, and performance. The Office of Management and Budget (OMB) has leveraged this widely adopted taxonomy and plans on aligning the federal IT budget with TBM. Using a multi-year phased-in approach, FSD and the Office of the Chief Information Officer (OCIO) introduced elements of TBM in FY 2018 in line with OMB's phased approach.

TBM relies on accurate cost accounting data for effective project management. Poor cost accounting data inhibits effective decision-making, increasing the risk of cost overruns or reductions in project scope due to unexpected limitations on capital resources. Implementing TBM will allow the Library to use a combination of cost



THE ORIGINAL NEW YORK PENNSYLVANIA STATION BUILDING OPENED IN 1910—ITS CONCOURSE LONGER THAN THE NAVE OF ST. PETER'S IN ROME, ITS CREAMY TRAVERTINE QUARRIED, LIKE THE ANCIENT COLOSSEUM'S, FROM TIVOLI, ITS CEILING 138 FEET HIGH, ITS GRAND STAIRCASE NEARLY AS WIDE AS A BASKETBALL COURT—WAS A “BEAUTIFUL BEAUX ARTS FORTRESS,” DESCRIBED BY THE ARCHITECT VISHAAN CHAKRABARTI. THE STRUCTURE WAS DEMOLISHED IN 1963.

ABOVE [LEFT]: PENNSYLVANIA RAILROAD STATION, NEW YORK CITY, 1910. [RIGHT]: PENNSYLVANIA STATION N.Y., NEW YORK. RŮŽIČKA, CA. 1930. REPOSITORY: PRINTS & PHOTOGRAPHS DIVISION, LIBRARY OF CONGRESS.

²⁸ 2018-SP-102, *Steady Progress, But There Are Gaps in OCIO's Roadmap to Modernize Its IT Environment*, September 2018.



PENNSYLVANIA STATION, NEW YORK CITY

Seventh Avenue and Thirty-Second Street

Looking toward Long Island



TOP: PENNSYLVANIA RAILROAD STATION, NEW YORK CITY: SEVENTH AVENUE AND THIRTY-SECOND STREET, LOOKING TOWARDS LONG ISLAND. HAWLEY, HUGHSON, AND PENNSYLVANIA RAILROAD COMPANY, 1910.

REPOSITORY: GEOGRAPHY & MAP DIVISION, LIBRARY OF CONGRESS.

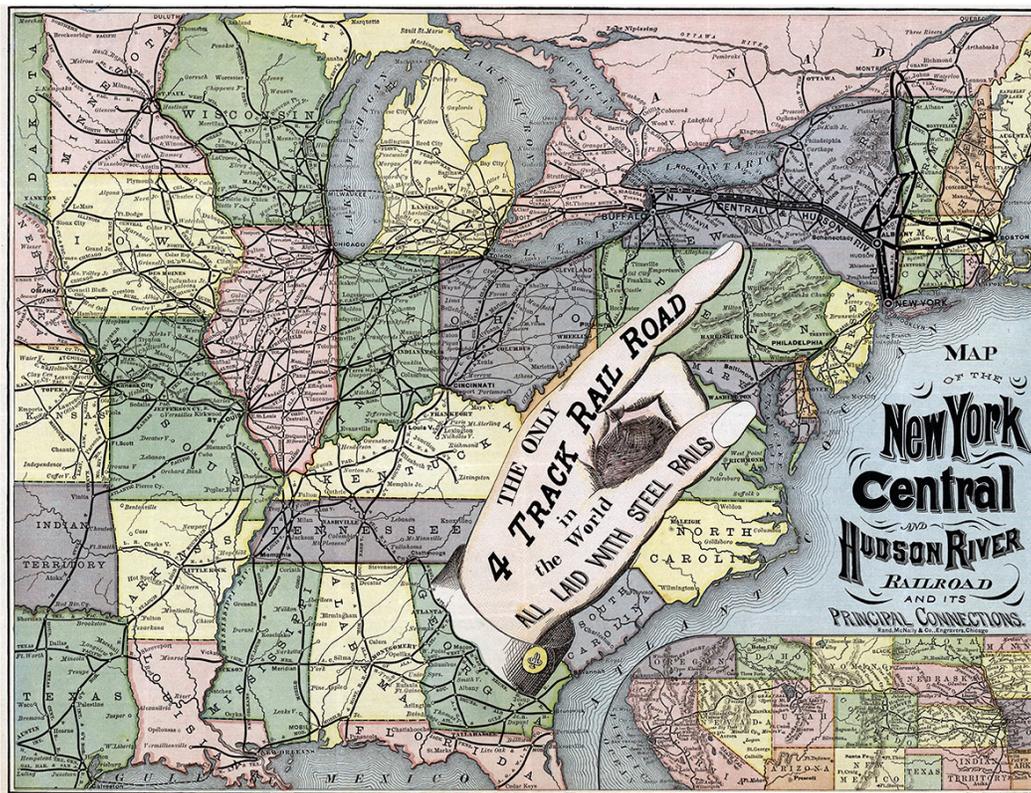
ABOVE: PASSENGERS WALKING THROUGH HALLWAY AT PENNSYLVANIA STATION, NEW YORK, NEW YORK, 1942. THE RETAIL ARCADE RAN FOR 225 FEET PRIOR TO ENTERING THE MAIN STATION HALL. RIGHT: PENNSYLVANIA RAILROAD STATION, NEW YORK CITY, CA. 1916. THE GLASS-CAGED CONCOURSE INCLUDED TWENTY-ONE PLATFORMS.

REPOSITORY: PRINTS & PHOTOGRAPHS DIVISION, LIBRARY OF CONGRESS.

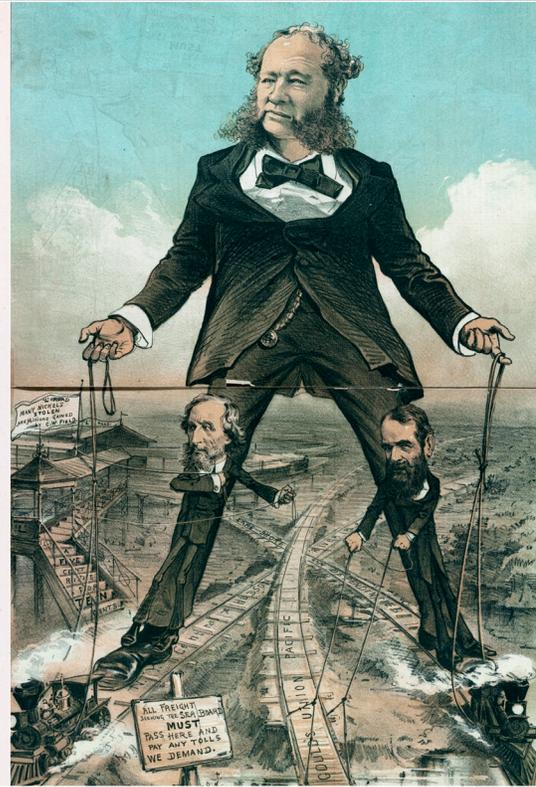
and performance metrics to assess cost of performance. FSD will play a critical role in further developing TBM. For FY 2019, internal labor was the only cost pool that OMB suggested that agencies capture. Internal labor relates to government personnel costs, including compensation and benefits attributed to IT investments. As of September 2019, the Library had yet to implement a systematic solution for FY 2020 to capture internal labor costs associated with IT investments. By FY 2021, OMB will require executive agencies to fully implement TBM.

TBM cost components should be driven by FSD and will require significant effort on the part of the Human Capital Directorate and Library-wide executive management to ensure that the necessary cost analyst skill sets are in place and cost information is accurate and comprehensively recorded. OCIO began capturing certain internal labor hours on a weekly basis in August 2018. Project and actual costs are only captured for OCIO resources and do not capture the costs of service unit resources involved with internal use software development. However, in order to ensure that the Library is capable of implementing TBM in a reasonable time frame, FSD should include this in its integrated master schedule and achieve the program goal.

We will continue to monitor the progress made by the Library in strengthening its financial management and reporting processes including activities related to maintaining a qualified work force, utilizing effective workflows and processes, performing analyses to find efficiencies, and utilizing reliable technologies.



ABOVE: MAP OF THE NEW YORK CENTRAL AND HUDSON RIVER RAILROAD AND ITS PRINCIPAL CONNECTIONS. RAND McNALLY & COMPANY, AND NEW YORK CENTRAL AND HUDSON RIVER RAILROAD COMPANY, 1920.
REPOSITORY: GEOGRAPHY & MAP DIVISION, LIBRARY OF CONGRESS.



THE GREAT RACE FOR THE WESTERN STAKES 1870

Grand Central was the largest construction project in New York's history at the time. The Vanderbilts were immensely proud of Grand Central's status as one of the world's first all-electric buildings. It was nearly twice the size of the recently-opened Pennsylvania Station built by the Vanderbilt's railroad rivals.

Clockwise [from top left]: Grand Central Station, New York City, Keystone View Company, 1920; Fifth Avenue, 1900. Vanderbilt residences on Fifth Avenue in New York City, known as the Triple Palace. William Henry Vanderbilt built three near-matching homes, one for himself and wife Louisa, and two for his daughters, Margaret and Emily; *The modern colossus of rail roads*. J. Keppler., 1879. Illustration shows William H. Vanderbilt, president of the New York Central Railroad, Cyrus West Field, of the New York Elevated Railroad Company, and Jay Gould, of the Union Pacific Railroad; *The great race for the western stakes*. Currier & Ives, ca. 1920. Print shows Cornelius Vanderbilt and James Fisk in a race for control of New York's rails. The two fought for control of the Erie Railroad.

Repository: Prints & Photographs Division, Library of Congress.

AUDITS, EVALUATIONS, AND REVIEWS

LIBRARY SERVICES NEEDS TO STRENGTHEN ITS PERFORMANCE MEASUREMENT OF THE COLLECTION SERVICES WORKFLOW

REPORT No. 2018-SP-101

AUGUST 2019

As part of a series of reports on the Library's progress in addressing its top management challenges, OIG conducted an evaluation to assess Library Services' capability to perform end-to-end monitoring of the effectiveness of the collections storage process and its stages, including the acquisition, processing, and storing of collections materials across different collection formats (e.g., monographs and serials, manuscripts, music) through the use of performance measures. This included assessing activities in relation to performance targets for arrearage. We have identified the collections storage area as one of the Library's top management challenges since September 2011.

In conducting our evaluation, we determined that the Library's new strategic plan for fiscal years 2019-2023, *Enriching the Library Experience*, offers focus and direction to Library Services' efforts to improve the collection services workflow. We also determined that Library Services needs to expand its baseline and trend data; strengthen its capability to identify, measure, and track its inventory of unprocessed collection materials; utilize several kinds of key performance indicators; and incorporate a supply chain perspective into its strategic planning activities.

Library management agreed with all of our recommendations. The Library recognized the importance of refining its measurement of performance outcomes achieved through the collection services workflow.

LIBRARY WORKING THROUGH AGILE DELIVERY METHOD CHALLENGES FOR COPYRIGHT IT MODERNIZATION PROJECT

REPORT No. 2018-IT-107

AUGUST 2019

USCO requested that OIG review the Recordation application development effort. OIG engaged Cotton & Company LLP (Cotton) to conduct a performance audit of USCO's IT modernization project for the Copyright Recordation system. Recordation is one of several modernization efforts within the overall Copyright Modernization initiative.

Cotton found that the development teams from USCO and the OCIO had the competence to perform their duties but that fundamental gaps in planning created project management issues that may affect the success of the Recordation application development effort. Library management agreed with all of our recommendations.

Due to the complexity, magnitude, and importance of USCO's modernization effort, we have added USCO's IT Modernization Program as a new top management challenge for the Library, as discussed in the Top Management Challenges section of this semiannual report.

NO IMPROPER PAYMENTS WERE FOUND FOR THE PERIOD UNDER REVIEW BUT PERSONALLY IDENTIFIABLE INFORMATION WAS DISCOVERED

REPORT NO. 2018-SP-106

JUNE 2019

OIG conducted an evaluation for the three-month period under review, October 1, 2017, through December 31, 2017, for (1) split purchase card transactions, (2) duplicate payments, and (3) payments made where conflicts of interest exist between employees and vendors providing goods and services to the Library.

OIG did not identify any split purchase card transactions, duplicate payments, or payments made where a conflict of interest existed. Therefore, we did not have any findings that pertained to these matters. However, in conducting our fieldwork related to the evaluation's objectives, we identified six transactions where personally identifiable information (PII) was improperly displayed on supporting documentation attached in the Legislative Branch Financial Management System (also known as "Momentum"), the Library's electronic financial management system.

FSD addressed our concerns over the course of the evaluation and strengthened controls to help protect the Library's PII. No recommendations were made.

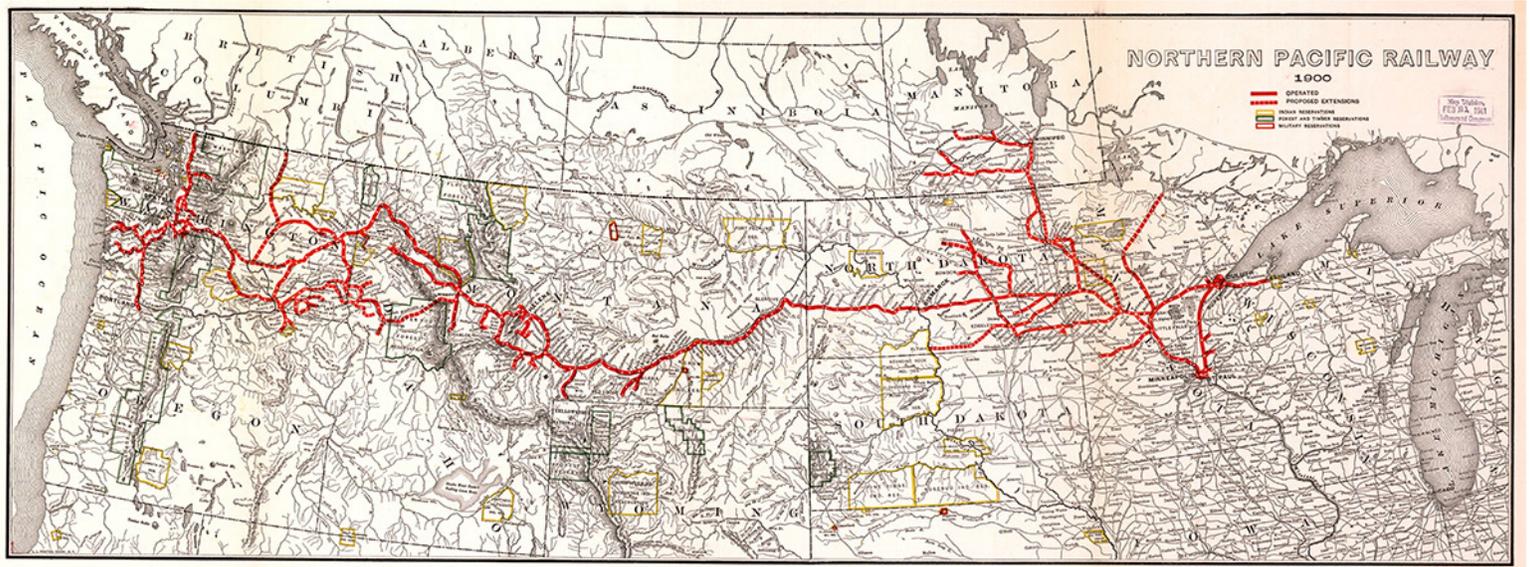
FY 2018 OPEN WORLD LEADERSHIP CENTER FINANCIAL STATEMENTS AUDIT

REPORT NO. 2018-FN-103

JUNE 2019

The Open World Leadership Center (Open World) hosts emerging political and civic leaders from post-Soviet countries through its congressionally-sponsored exchange program. Librarian Carla Hayden sits on Open World's Board of Trustees.

Through an interagency agreement, OIG provided oversight of the contract with the independent public accounting firm of Kearney & Company, P.C. (Kearney) to audit Open World's financial statements for FY 2018. The auditor found that the financial statements were fairly presented, in all material respects, in conformity with U.S. generally accepted accounting principles. The auditor also examined internal controls over financial reporting and did not identify any reportable conditions. The auditor also found no instances of noncompliance with laws and regulations or other matters that were required to be reported in accordance with U.S. generally accepted government auditing standards.



RESULTS OF THE LIBRARY OF CONGRESS' FY 2018 FINANCIAL STATEMENTS AUDIT
REPORT No. 2018-FN-101
MAY 2019

OIG contracted with Kearney to audit the Library's financial statements for FY 2018. For the twenty-third consecutive year, the Library received an unmodified (clean) opinion on its financial statements. In the auditor's opinion, the financial statements were fairly presented, in all material respects, in conformity with U.S. generally accepted accounting principles. The auditor reported a significant deficiency regarding the Library's complex financial reporting process resulting in improper reporting of investment gains and losses and other errors. The auditor examined internal controls over financial reporting and did not identify any reportable conditions. The auditor also found no instances of noncompliance with laws and regulations or other matters that were required to be reported in accordance with U.S. generally accepted government auditing standards.

As of our September 2018 Semiannual Report to Congress, OIG has identified Financial Management and Reporting as a top management challenge. See this report's Top Management Challenges section for an update.

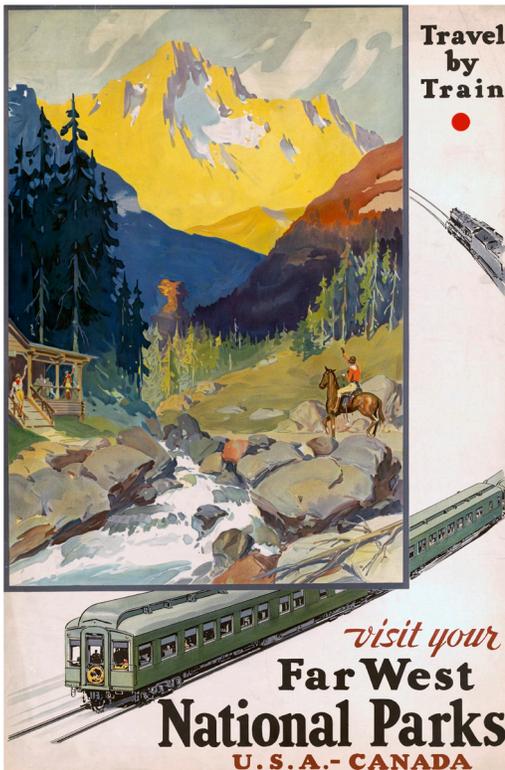
FEDLINK HOTLINE COMPLAINT REGARDING THE TIMELINESS OF PROCESSING
CUSTOMER ORDERS

REPORT No. 2018-SP-104
MAY 2019

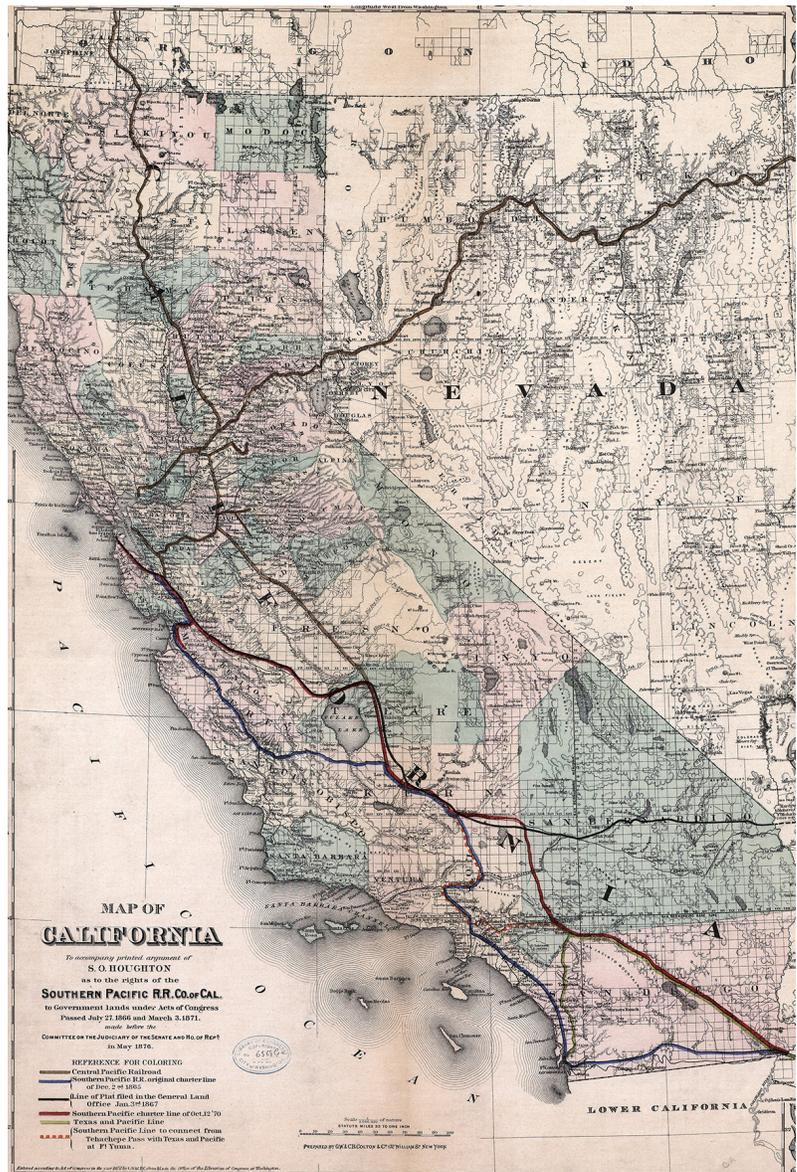
OIG engaged Cotton to evaluate an OIG hotline complaint regarding the Federal Library and Information Network (FEDLINK) and two of its customers. FEDLINK serves federal libraries and information centers as a purchasing, training, and resource-sharing consortium.

The hotline complaint stated that delays occurred on the part of FEDLINK in ordering and having delivered serial subscriptions purchased by two FEDLINK customers. In both cases, the complaint claimed that FEDLINK did not process the orders within its procurement action lead time. In each case, the customers transferred \$336,000 (Customer 1) and \$200,000 (Customer 2), respectively, to FEDLINK for serial subscriptions to begin in 2018 but had not received a contract for their subscriptions.

Cotton's evaluation determined that FEDLINK was enacting structural changes in its contracts that slowed down the reordering process but that nevertheless FEDLINK executed the subscription orders for Customer 2 within the stipulated processing period of 90-120 days and for Customer 1, shortly thereafter. Cotton's review found that both customers were late in delivering their orders, resulting in the subscriptions arriving at their destinations after the requested date of January 1, 2018. Cotton also identified matters in which FEDLINK could improve its services. Library management agreed with all of our recommendations.



THIS PAGE [ABOVE]: VISIT YOUR FAR WEST NATIONAL PARKS TRAVEL BY TRAIN, 1920.
 REPOSITORY: PRINTS & PHOTOGRAPHS DIVISION, LIBRARY OF CONGRESS.
 [RIGHT]: MAP OF CALIFORNIA TO ACCOMPANY PRINTED AGREEMENT OF S.O. HOUGHTON AS TO THE RIGHTS OF THE SOUTHERN PACIFIC R.R. CO., 1876.
 OPPOSITE: NORTHERN PACIFIC RAILWAY, 1900. MAP OF THE NORTHERN UNITED STATES FROM THE GREAT LAKES TO THE PACIFIC OCEAN. AS THE NORTHERN PACIFIC RAILWAY CROSSED MONTANA IT WAS WELL POSITIONED TO GIVE ACCESS TO WHAT EVENTUALLY BECAME GLACIER NATIONAL PARK.
 REPOSITORY: GEOGRAPHY & MAP DIVISION, LIBRARY OF CONGRESS.



FY 2018 FIDUCIARY FUND FINANCIAL STATEMENTS AUDIT

REPORT No. 2018-FN-104

APRIL 2019

OIG contracted with Cotton to audit the Library's fiduciary fund financial statements as of and for the fiscal years ending September 30, 2017 and 2018, and to provide a report on internal control over financial reporting and compliance with laws and other matters.

Cotton reported that the financial statements were fairly presented, in all material respects, in conformity with U.S. generally accepted accounting principles; there were no material or significant weaknesses in internal controls over financial reporting; and there was no reportable noncompliance with provisions of laws tested or other matters.

COMPREHENSIVE REDESIGN NEEDED OF GIFT SHOP FINANCIAL MANAGEMENT AND ACCOUNTING

REPORT No. 2017-PA-102

APRIL 2019

OIG conducted an audit of the Library's Gift Shop. The audit's objectives included (1) determining whether the design and documentation of the systems of internal control were adequate to ensure the accuracy and reliability of accounting data and to protect Gift Shop assets, and (2) assessing whether compliance with the systems of internal control was adequate to rely on these controls.

OIG found the Gift Shop's stockrooms in good order. We also found that (1) the Gift Shop's financial management and reporting was not in compliance with generally accepted accounting principles and not adequate for managing the Gift Shop business; (2) the Gift Shop did not have a sufficient internal control program and comprehensive documentation of operating and financial procedures; and (3) the Gift Shop needed to produce a documented annual, written merchandising plan, a standard practice in retail sales. We also identified other areas for improvement. Library management agreed with all of our recommendations.



OTHER AUDITS DIVISION ACTIVITIES

REVIEW OF PURCHASE CARD REFUNDS

OIG completed a review in September 2019 of refunds received by the Library based on purchase card usage. The receipt of refunds is a standard element of the U.S. General Services Administration's SmartPay program, the world's largest commercial payment solutions program that enables federal employees to use purchase cards to make official Government purchases.

As part of our review, OIG analyzed the Library's refund reports for FYs 2012–2018 to identify refunds not captured by the Library. OIG noted that the Library had been paying on a monthly basis and this resulted in refunds not being captured for the period under review. However, the Library started paying on a daily basis under the current SmartPay contract established in November 2018. This has resulted in the Library capturing the maximum amount of refunds possible. Given that the Library has adopted an arrangement that should provide the full amount of refunds possible, we concluded our review of this area. We may perform more work in this area in the future.

INFORMATION ON LIBRARY OF CONGRESS SEXUAL HARASSMENT CASES

OIG responded to a July 2019 request from the Senate Committee on Rules and Administration and provided information on sexual harassment cases reported within the Library over the last ten years. We also provided information on Library internal regulations and policies for handling and training regarding sexual harassment cases. OIG plans to conduct a follow-up audit related to the Library's process of handling complaints of harassment and discrimination.

BRIEFING TO THE LIBRARY OF CONGRESS EXECUTIVE COMMITTEE

The Inspector General briefed the Library's Executive Committee in June 2019 and, per the request of the Librarian, sent a follow-up memorandum to committee members in July 2019. The Inspector General provided an overview of the OIG, the Library's top management challenges as identified by OIG, and the skill sets that would help Library managers perform more efficiently and effectively.

UNION STATIONS WERE GENERALLY ERECTED TO UNIFY NUMEROUS, COMPETING INDEPENDENT STATIONS. IN WASHINGTON, D.C., RAILS CRISSCROSSED ALONG THE NATIONAL MALL AND PENNSYLVANIA AVENUE. WASHINGTON UNION STATION ACHIEVED THIS PURPOSE WITH DESIGN AND BEAUTY.

OPPOSITE: [LEFT]: WASHINGTON TERMINAL STATION—GATE IN TRAIN FENCE SHOWING TRAIN SIGN SET FOR DEPARTURE OF "ROYAL LIMITED," SHOWS TRACK NUMBER AND TIME OF DEPARTURE, CA. 1900. [MIDDLE]: UNION STATION, WASH., D.C.: WASHINGTON TERMINAL STATION—GENERAL WAITING ROOM, LOOKING WEST, SHOWING ARRANGEMENT OF SETTEES, TELEGRAPH BOOTHS AND NEWS STAND—TICKET LOBBY IN THE DISTANCE, CA. 1910.

[RIGHT]: LOOKING DOWN TROLLEY TRACKS TOWARD UNION STATION, WASHINGTON, D.C., CA. 1910.

REPOSITORY: PRINTS & PHOTOGRAPHS DIVISION, LIBRARY OF CONGRESS.

REVIEW OF LEGISLATION AND REGULATIONS

TABLE 2: REVIEW OF LEGISLATION

REVIEWED	COMMENTS BY THE OFFICE OF THE INSPECTOR GENERAL
-	OIG did not review any legislation this semiannual period.

TABLE 3: REVIEW OF LIBRARY OF CONGRESS REGULATIONS (LCRs) AND DIRECTIVES (LCDs)

REVIEWED	COMMENTS BY THE OFFICE OF THE INSPECTOR GENERAL
LCR 9-341, <i>Experts and Consultants</i>	We sought clarification on cites and spacing.
LCR 9-1920, <i>Retirement</i>	We suggested adding an LCR title and made spacing suggestions.
Form 1859, Request for Appointment or Renewal of Appointment of Expert or Consultant	We suggested clarifying changes and editing changes for consistency.
LCR 1-430, <i>Recognized Employee Organizations</i>	We made several suggestions intended to provide greater clarity. We suggested wording changes, providing definitions, and using terms in a consistent manner, among other suggestions.
LCR 9-1610, <i>Senior Level Executive System</i>	We suggested edits to improve consistency and accuracy.
LCD 9-1610.4, <i>Performance Review Board</i>	We offered a comment on a matter not addressed by the LCR.
LCR 11-210, <i>Contract Protests and Disputes</i>	We made editing suggestions and offered a comment on a matter not addressed by the LCR.



ABOVE: MICHIGAN CENTRAL STATION, YPSILANTI, MICH., CA. 1901.

RIGHT: WEST SHORE STATION, WEST POINT, CA. 1890.

REPOSITORY: PART OF THE DETROIT PUBLISHING COMPANY PHOTOGRAPH COLLECTION, PRINTS & PHOTOGRAPHS DIVISION, LIBRARY OF CONGRESS.

INVESTIGATIONS DIVISION

During this reporting period the Office of Investigations issued three investigative reports and made one referral to management, as shown in Table 4. We opened four investigations, closed five, and forwarded one to Library management for administrative action. Eight complaints were opened, seven closed, and one converted to an investigation. With regard to the OIG Hotline, we converted three hotline communications to investigations, received 52 hotline communications total, and 11 hotline communications were referred to management.

TABLE 4: INVESTIGATIVE DATA²⁹

ACTIVITY	TOTAL
Investigative Reports Issued (selectively summarized in this report): ³⁰	3
Referrals to the Department of Justice:	-
Referrals to State and Local Authorities:	-
Indictments/Criminal Informations Resulting from Prior Referral to Prosecuting Authorities:	-
Investigations Opened:	4
Investigations Closed:	5
Investigations Forwarded to Library Management for Administrative Action:	1
Complaints Opened:	8
Complaints Closed:	7
Complaints Converted to Investigations:	1
Hotline Communications Converted to Investigations:	3
Hotline Communications Received:	52
Hotline Referrals to Management:	11

SIGNIFICANT INVESTIGATIONS

EMPLOYEE MISCONDUCT, TIME AND ATTENDANCE IRREGULARITIES

As reported in the March 2019 Semiannual Report, the OIG Hotline received notification that a Library employee was leaving work early without taking adequate leave. OIG reviewed leave and other records and determined that the employee had been working at a second place of employment for over two years without taking appropriate leave. The employee retired while under investigation.

During the investigation it was alleged that the employee's supervisor failed to properly supervise the employee. Numerous witnesses were interviewed who related that the employee's supervisor was aware of the employee's routine absences from the

²⁹Data in this table were compiled from a review of the Office of Investigations' database and files.

³⁰Three reports were issued; one was forwarded to Library management.



ABOVE: *THE NOTCH FROM WINDOW OF CRAWFORD HOUSE, WHITE MTS., N.H., CA. 1900. PART OF THE DETROIT PUBLISHING COMPANY PHOTOGRAPH COLLECTION.*

RIGHT: *ARIZONA AND NEW MEXICO RAILWAY PASSENGER STATION, CORONADO BOULEVARD, CLIFTON, GREENLEE COUNTY, AZ, 1933. THE STATION IN CLIFTON SITS ALONGSIDE THE SAN FRANCISCO RIVER OUT OF ARIZONA COPPER COUNTRY. IT OPENED IN 1913 WITH AN ASSORTMENT OF WAITING ROOMS AND OFFICES, INCLUDING SOME SET ASIDE FOR WELLS FARGO, THE STAGECOACH TRANSPORTATION COMPANY THAT THE RAILROADS WERE STEADILY REPLACING. PART OF THE HISTORIC AMERICAN BUILDINGS SURVEY. PART OF THE HISTORIC AMERICAN BUILDINGS SURVEY.*

REPOSITORY: PRINTS & PHOTOGRAPHS DIVISION, LIBRARY OF CONGRESS.



Library. An investigative report was issued and referred to Library management for action. The manager received a 20-workday suspension.

During the investigation of the initial allegation, OIG agents also found that another supervisor was leaving work early without taking adequate leave. OIG reviewed leave and other records and, when interviewed with the evidence, the supervisor admitted to leaving work daily for personal activities over the past year without taking appropriate leave. An investigative report was issued and referred to Library management for action. The manager received a 20-workday suspension.

EMPLOYEE MISCONDUCT, MISUSE OF LIBRARY COMPUTER

As reported in the March 2019 Semiannual Report, pursuant to proactive efforts, OIG identified eight Library employees who were possibly misusing their Library-issued computers. OIG conducted investigations and determined that the employees had used their computers to visit inappropriate Internet sites. Eight investigative reports were issued and referred to Library management for action. Two employees were removed from federal service; one employee retired while under investigation; one employee received a 20-workday suspension; one employee received a 10-workday suspension; and adjudication on three employees is pending.

CONFLICT OF INTEREST RELATED TO A LIBRARY PROCUREMENT

OIG had one case in which allegations of misconduct involving a senior government employee were substantiated.

OIG received information about a possible conflict of interest between a Senior Level Library employee (SL1) and a Library vendor. During the course of the investigation it was alleged that another Senior Level Library employee (SL2) was informed about concerns that the relationship between SL1 and the vendor was too close. Evidence gathered to date revealed that SL1 took overt acts to steer contracts to the vendor. SL1 allegedly misused his government computer when he emailed sensitive Library documents to his personal email account. Sensitive procurement information not available to other potential bidders was also allegedly provided to the vendor. SL1 had signed a *Conflict of Interest and Nondisclosure Statement* and did not disclose his relationship with the vendor. SL1 also allegedly failed to disclose that he provided the vendor with information related to a pending procurement. Further, a review of the two Senior Level employees' emails revealed that they exchanged communications that may have been inappropriate contextually and may represent misuse of government IT resources.

An investigative report was issued and referred to Library management for action. Both employees resigned while under investigation. The case was accepted by the Civil Division of the U.S. Department of Justice, where it is pending.

UNIMPLEMENTED RECOMMENDATIONS

We obtained comments from Library management on the status of all open recommendations.³¹ OIG summarized the comments provided for recommendations made in our publicly released reports and provide them in tables 5A and 5B. The assertions made in the tables are the representations of Library management and not of the OIG. OIG periodically performs follow-up audits, inspections and evaluations, and reviews to verify implementation.

TABLE 5A: SIGNIFICANT RECOMMENDATIONS FROM PREVIOUS SEMIANNUAL REPORTS FOR WHICH CORRECTIVE ACTION HAS NOT BEEN COMPLETED

SUBJECT	REPORT No. ISSUE DATE	OFFICE	REC. No.	SUMMARY AND STATUS OF RECOMMENDATION
Office of the Librarian / Office of the Chief Information Officer				
Maturity of System Development Life Cycle Processes and Procedures	2013-IT-105 February 2015	OCIO	4	Report summary: OIG evaluated the Library's System Development Life Cycle methodology for acquiring, designing, implementing, and maintaining IT systems. Establish a budget methodology to track project development costs and measure variances against approved costs—In March 2019, the Library submitted project full time equivalent cost variance reports for the first quarter of fiscal year (FY) 2019 to OIG for review and closure. Following meetings with the Office of the Chief Information Office (OCIO) and OIG, OIG is drafting additional clarification for OCIO's review and next steps.
Design of Library-Wide Internal Controls for Tracking IT Investments	2014-IT-101 March 2015	OCIO	V.1.A	Report summary: OIG reviewed the Library's internal controls for tracking IT investments. Align current cost development processes for IT investments to coincide with requirements for Office of Management and Budget (OMB) reporting, such as the use of an earned value management system to track costs on high-risk projects, as discussed in <i>Capital Programming Guide, V.3.0, Supplement to OMB Circular A-11: Planning, Budgeting, and Acquisition of Capital Assets</i> —OCIO has begun adopting selected sections of OMB's guidance to eight Major IT Investments approved by the Technology Strategy Board (TSB). OCIO's FY 2020 IT Finance Plan provides OCIO planned staff hour estimates for each major IT Investment, along with planned non-personnel cost estimates. The first draft of the FY 2020 IT Finance Plan was published and distributed to the TSB. Finalization of the FY 2020 IT Finance Plan is within 30 days of FY 2020 budget enactment to ensure the plan is synced with the Financial Services Directorate's (FSD) spend plan lock process. The estimated date of completion is the first quarter of FY 2020; completion is subject to budget enactment.
Design of Library-Wide Internal Controls for Tracking IT Investments	2014-IT-101 March 2015	OCIO	V.1.B	Implementation of these practices may require procedural changes used by the service units for reporting expenditures and systemic modifications to the Library's Legislative Branch Financial Management System (LBFMS) and the Library of Congress Budget System (LCBS) that are used for tracking costs—OCIO worked with FSD to conduct quality reviews of FY 2018 data in Momentum and to extract data from its reporting systems to include the Financial Reporting System and LCBS. The quality review and adjustments of the FY 2018 data have been completed. The FY 2018 IT Expenditure (Obligation) Report is anticipated to be completed by the fourth quarter FY 2019. OCIO continues to work with FSD to conduct quality reviews of FY 2019 data. The estimated date of completion of improved financial tracking using a TBM tool is the fourth quarter of FY 2021.

³¹ The status of recommendation updates are Library management's assertions and have not been audited.

UNIMPLEMENTED RECOMMENDATIONS

TABLE 5A: SIGNIFICANT RECOMMENDATIONS FROM PREVIOUS SEMIANNUAL REPORTS FOR WHICH CORRECTIVE ACTION HAS NOT BEEN COMPLETED

SUBJECT	REPORT No. ISSUE DATE	OFFICE	REC. No.	SUMMARY AND STATUS OF RECOMMENDATION
Design of Library-Wide Internal Controls for Tracking IT Investments	2014-IT-101 March 2015	OCIO	V.2.C	Institute better tracking of IT investments through changes in LBFMS and LCBS—See the status update provided for recommendation V.1.B for report no. 2014-IT-101. The estimated date of completion is the fourth quarter of FY 2021.
eDeposit and eCollections Strategy	2014-PA-101 April 2015	OCIO	2	Report summary: OIG evaluated the Library’s efforts to ingest and make available for use electronic works (born-digital content). Recommendation: The Librarian should require the Architecture Review Board to: ensure that the eCollections Strategy and related activities are sufficiently addressed in the Enterprise Architecture’s current or “as-is” environment, the target or “to-be” environment, and the roadmap leading from the as-is to the to-be environment; sufficiently address and reduce the risk of implementing duplicative, poorly integrated, and unnecessarily costly eCollection activities; and sufficiently address the need for “robust security” to prevent “loss, alteration, and unauthorized access” of eCollections items—This recommendation is currently under review.
Library Services				
eDeposit and eCollections Strategy	2014-PA-101 April 2015	Library Services	1	To become more cost efficient and to ensure that eCollection activities are meeting the Library’s strategic business objectives, the Library needs an overarching, transformative eCollections Strategy for collecting electronic works that does the following: groups programs, projects, and other IT work together to facilitate effective portfolio management of activities related to collecting electronic works, including born-digital works; identifies the Library’s organizational priorities related to these programs and projects and other IT work, makes investment decisions, and allocates resources accordingly; and focuses on meeting common requirements that span across the Library’s service units—The Library and OIG met on September 30, 2019 to discuss next steps to achieve closure of the eDeposit and eCollections recommendations. The Library provided evidence of: (1) current Library of Congress Collections Policy Statements, which include digital content and proof that digital collecting is part of overarching Library collections strategies; (2) the Digital Collecting Plan Targets, which include references to the Digital Collecting Strategy Framework and Digital Collecting Plan adopted in June and December of 2016, respectively, and provides the current status updates and revisions to targets as of August 2019; and (3) the updated Digital Collecting Plan matrix, which maps each target from the plan to a Library strategic objective and goal and tracks project completion. The Library will determine the extent to which existing documentation may be aligned with project management best practice guidance pursuant to recent OIG requests and will provide either concerns regarding adoption of such standards for this subject or supplemental documentation.

UNIMPLEMENTED RECOMMENDATIONS

TABLE 5A: SIGNIFICANT RECOMMENDATIONS FROM PREVIOUS SEMIANNUAL REPORTS FOR WHICH CORRECTIVE ACTION HAS NOT BEEN COMPLETED

SUBJECT	REPORT NO. ISSUE DATE	OFFICE	REC. NO.	SUMMARY AND STATUS OF RECOMMENDATION
eDeposit and eCollections Strategy	2014-PA-101 April 2015	Library Services	4	The Librarian should take the following steps to implement better governance and accountability in order to ensure timely implementation of the Librarian’s vision to acquire digital works: create a mechanism for the Librarian and the Librarian’s immediate leadership team to receive executive-level reports on a regular basis on eCollection activities, mandate their review, and take timely action as necessary to ensure that such activities stay in-line with the Librarian’s vision and with senior leadership’s cost, schedule, and performance expectations; provide greater clarity on the role of the Executive Committee (EC) in monitoring and overseeing cross-cutting IT programs; and ensure the EC’s consistent involvement, support, and oversight of the eDeposit Program and the eSerials Project—See the status update provided for recommendation 1 for report no. 2014-PA-101.
eDeposit and eCollections Strategy	2014-PA-101 April 2015	Library Services	5	The Information Technology Steering Committee (ITSC) does not have the necessary data to align IT goals, objectives, and priorities with the strategic needs and plans of the Library. The Librarian should do the following to correct this: direct the Chief Financial Officer (CFO) to provide information on the full universe of IT investments budgeted in each fiscal year for eCollection activities to the ITSC on an ongoing basis, as well as provide actual year-to-year costs for budget versus actual comparisons; require ITSC to formulate approval and monitoring criteria that align with the Library’s organizational priorities as stated in an eCollections Strategy and associated enterprise architecture, as well as with common requirements spanning the Library’s service units for ingesting and protecting electronic works; and require the chair of the ITSC to report regularly to the Librarian, a designee, and/or the EC about ITSC decisions and oversight issues related to the schedule, cost, and performance of eCollection activities—See the status update provided for recommendation 1 for report no. 2014-PA-101.
eDeposit and eCollections Strategy	2014-PA-101 April 2015	Library Services	6	To improve the organizational and financial management of its eCollection activities, the Librarian needs to require that service units: adopt and implement Library-wide best practices for standardizing program and project management to increase the likelihood of delivering effective digital transformations on time and on budget; and collect, track, and use quantitative data demonstrating variances in project delivery and investment targets to inform management oversight and reporting, including budget, planning, and investment decision-making going forward. This information should be used as part of the Library’s performance management process—See the status update provided for recommendation 1 for report no. 2014-PA-101.

COMPLETED IN 1900, NASHVILLE’S UNION STATION IS ONE OF THE CITY’S UNIQUE AND INSPIRED HISTORIC ARCHITECTURAL LANDMARKS AND REMAINS A SOURCE OF CIVIC PRIDE. THE MAGNIFICENT TERMINAL AND OFFICE BUILDING WAS DESIGNED IN THE RICHARDSONIAN ROMANESQUE REVIVAL STYLE BY RICHARD MONTFORT, THEN CHIEF ENGINEER OF THE LOUISVILLE AND NASHVILLE RAILROAD AND THE NASHVILLE, CHATTANOOGA, AND ST. LOUIS RAILWAY COMPANIES, THE MONUMENTAL AND OPULENT UNION STATION SPEAKS OF THE POWER AND PRESTIGE OF THE RAILROADS IN NASHVILLE AND MIDDLE TENNESSEE IN THE LATTER PART OF THE NINETEENTH CENTURY.

OPPOSITE: [LEFT]: INTERIOR, GENERAL VIEW - UNION STATION, 1001 BROADWAY, NASHVILLE, TN, CA. 1933. THE 100 FOOT-LONG SKYLIGHT THAT CENTERS THE MAIN WAITING ROOM WAS BLACKED OUT DURING WORLD WAR II AS DEFENSE MEASURE. IT HAS BEEN SINCE RESTORED DURING A TRANSFORMATION INTO A HOTEL AND MARKETPLACE. [RIGHT]: UNION STATION, BROADWAY, NASHVILLE, DAVIDSON COUNTY, TN. [DETAIL, IRON BALUSTRADE IN PLATFORM AREA], CA. 1933.

REPOSITORY: PART OF THE HISTORIC AMERICAN BUILDINGS SURVEY, PRINTS & PHOTOGRAPHS DIVISION, LIBRARY OF CONGRESS.

UNIMPLEMENTED RECOMMENDATIONS

TABLE 5A: SIGNIFICANT RECOMMENDATIONS FROM PREVIOUS SEMIANNUAL REPORTS FOR WHICH CORRECTIVE ACTION HAS NOT BEEN COMPLETED

SUBJECT	REPORT NO. ISSUE DATE	OFFICE	REC. NO.	SUMMARY AND STATUS OF RECOMMENDATION
eDeposit and eCollections Strategy	2014-PA-101 April 2015	Library Services	7	For all IT investments, the Librarian should: (1) require service units and sponsors of significant IT investments (regardless of funding source) to complete a business case document that demonstrates how each IT project would meet organizational needs; outlines benefits, estimated costs, and risks, including the results of a cost-benefit analysis; and establishes a preliminary schedule for implementation; (2) require the business case document to be submitted to the ITSC for review during an early phase of product development and require the business case to be periodically reviewed and verified by ITSC with respect to the business need(s) being supported; (3) direct the CFO to develop the capability to fully project, capture, and track the actual costs of IT-related activities, including payroll costs; and (4) require the Strategic Planning Office or another unit to develop the capability for the Librarian and her immediate leadership team to monitor significant IT investments across the Library’s various planning, budgeting, program/project management, and financial accounting systems to reveal inefficiencies and ineffectiveness in order to address problems in a timely manner—The Library informed OIG that only item (3) remains outstanding and the activities underway to address it are expected to be completed by the fourth quarter of 2020.



IMPLEMENTED AND CLOSED RECOMMENDATIONS³²

TABLE 5B: SIGNIFICANT RECOMMENDATIONS FROM PREVIOUS SEMIANNUAL REPORTS WHICH WERE IMPLEMENTED OR CLOSED DURING THIS PERIOD

SUBJECT	REPORT No. ISSUE DATE	OFFICE	REC. No.	SUMMARY OF RECOMMENDATION AND ACTION
Office of the Librarian / Office of Communications and External Relations				
Implement Purchase Card Controls for Purchases of Advertisements	2015-PA-102 November 2018	Office of Communications	1	Report Summary: OIG examined the Library's Office of Communications and its involvement in the purchase card program. The Office of Communications should complete the update of its standard operating procedures in collaboration with the Program Coordinator to ensure that effective internal controls are established and implemented for the proper functioning of purchase card advertisement purchases.
Office of the Librarian / Development Office				
The Library's Controls for Three Gift Funds Are Generally Working but Need to Be Enhanced	2016-PA-102 September 2017	Development Office, FSD	3	Report summary: OIG examined whether the Library's internal controls for three gift funds were designed, implemented, and working effectively. The Development Office should update its procedures manual to include a requirement for timely and periodic reconciliations of Raiser's Edge and Momentum data on donations, and then adhere to it.
The Library's Controls for Three Gift Funds Are Generally Working but Need to Be Enhanced	2016-PA-102 September 2017	Development Office, FSD, and OGC	4	The Development Office, in consultation with the Financial Services Directorate (FSD) and OGC as appropriate, should update its procedures manual to include guidance on how to handle a donor's request to change a grant agreement's terms and conditions, and then adhere to it. The guidance should address how and by whom the request would be reviewed and how it would be memorialized, such as in a new grant agreement and/or in Raiser's Edge.
The Library's Controls for Three Gift Funds Are Generally Working but Need to Be Enhanced	2016-PA-102 September 2017	Development Office, FSD, and OGC	5	The Development Office, in consultation with FSD and OGC as appropriate, should develop a systematic approach to assigning gift requirement responsibilities to stakeholders, update its procedures manual to include guidance on how to implement the approach, and then adhere to it. As part of the approach, assignments should be made soon after a grant agreement has been established, such as at an orientation meeting among stakeholders.

THE FIRST CONSTRUCTED AND OLDEST PASSENGER INCLINE PLANE IN PITTSBURGH, PENNSYLVANIA. THE UPPER STATION OF THE MONONGAHELA INCLINE PLANE DATES TO 1882, WHEN FREIGHT SERVICE WAS ADDED TO THE ORIGINAL PASSENGER SERVICE. THE EXISTING LOWER-STATION WAS BUILT IN 1904. OTIS ELEVATOR COMPANY PRODUCED THE CURRENT MOTOR-DRIVEN CABLE SYSTEM FOR THE INCLINE PLANE IN 1935. THIS SYSTEM RETAINS THE 1882 SAFETY BRAKE AND BULL WHEEL AND 1935 ELECTRICAL SYSTEM INCLUDING DRIVE MOTORS, OPERATING BRAKES, AND POWER CABLE SYSTEM.

OPPOSITE: [LEFT]: MONONGAHELA INCLINE PLANE, CONNECTING NORTH SIDE OF GRANDVIEW AVENUE AT WYOMING STREET WITH WEST CARSON STREET NEAR SMITHFIELD STREET, PITTSBURGH, ALLEGHENY COUNTY, PA, 1968. PART OF THE HISTORIC AMERICAN BUILDINGS SURVEY. [RIGHT]: MONONGAHELA INCLINE, PITTSBURGH, PA, CA. 1905. PART OF THE DETROIT PUBLISHING COMPANY PHOTOGRAPH COLLECTION.

REPOSITORY: PRINTS & PHOTOGRAPHS DIVISION, LIBRARY OF CONGRESS.

³² The status of recommendation updates are Library management's assertions and have not been audited.

IMPLEMENTED AND CLOSED RECOMMENDATIONS

TABLE 5B: SIGNIFICANT RECOMMENDATIONS FROM PREVIOUS SEMIANNUAL REPORTS WHICH WERE IMPLEMENTED OR CLOSED DURING THIS PERIOD

SUBJECT	REPORT NO. ISSUE DATE	OFFICE	REC. NO.	SUMMARY OF RECOMMENDATION AND ACTION
The Library's Controls for Three Gift Funds Are Generally Working but Need to Be Enhanced	2016-PA-102 September 2017	Development Office, FSD, and OGC	6	The Development Office, in consultation with FSD and OGC as appropriate, should develop a systematic approach to monitoring stakeholders' compliance with gift requirements, update its procedures manual to include guidance on how to implement the approach, and then adhere to it. As part of the approach, compliance should be tracked using an electronic database. The Library should also consider whether FSD and/or OGC should perform general oversight on a periodic basis considering the risks associated with noncompliance.
Office of the Librarian / Chief Operating Office				
The Library's Controls for Three Gift Funds Are Generally Working but Need to Be Enhanced	2016-PA-102 September 2017	FSD	1	FSD should update LCD 6-320.1 to include a timeliness requirement for the deposit of gifts. The Disbursing Office should also update its procedures manual to include the requirement and then adhere to it.
Library Management Needs to Exercise Stronger Oversight of the Library Gift Shop's Participation in the Purchase Card Program	2015-PA-102 January 2018	FSD	4	Report summary: OIG completed an interim report to alert Library management that the Library gift shop's participation in the purchase card program needed greater oversight. Library gift shop management should conduct a review to determine whether other amounts were overpaid since August 2015, the start of OIG's period under review, and recover any overpayments as appropriate, in addition to the \$2,500 identified in this audit for the short time period selected.



UNIMPLEMENTED FINANCIAL STATEMENTS RECOMMENDATIONS

The objective of the financial statements audit is to obtain reasonable assurance that the Library's financial statements are free of material misstatements. OIG summarized the Library's FY 2018 financial statements audit recommendations and the Library's corrective action plan in table 5C.³³ Details on recommendations are provided for the auditor's publicly released reports, but not for management letter comments distributed internally to Library management. The implementation of recommendations will be evaluated during the Library's FY 2019 financial statements audit.

TABLE 5C: FY 2018 FINANCIAL STATEMENTS RECOMMENDATIONS MADE BY THE INDEPENDENT PUBLIC ACCOUNTANT

SUBJECT	REPORT No. ISSUE DATE	REC. No.	SUMMARY OF RECOMMENDATION AND ACTION
Internal Control over Financial Reporting Reportable Findings			
Office of the Librarian / Office of the Chief Financial Officer			
Complex Financial Reporting Process Resulting in Improper Reporting of Investments	2018-FN-101 April 2019	I.1	Perform an analysis of current financial reporting processes to identify any complex processes that could be simplified or eliminated, to include an analysis on how transactions are reported in the financial reporting system—The Library completed a contract to review the chart of accounts in the Legislative Branch Financial Management System. The Library will issue a contract to revise internal and external financial reports; the contractor will provide an analysis of methods to simplify processes. The Library will also hire a contractor to analyze current financial reporting processes with an aim to streamline and gain efficiencies in accordance with Government best practices. Depending on resource reallocation, the target for awarding a contract is July 31, 2019, and completion by February 28, 2020.
Improper Reporting of Investments	2018-FN-101 April 2019	I.2	Once financial reporting processes are reviewed and simplified, where possible, document all steps needed to report financial transactions in desk guides or procedures documents—The Financial Reports Office (FRO) documented procedures as needed. Workflows will be included in the contract mentioned for recommendation I.1 above.
Improper Reporting of Investments	2018-FN-101 April 2019	I.3	Perform an assessment of who should be performing the processes, such that procedures are pushed down to the lowest level feasible to allow for a timely detailed review below the management level, where possible—FSD is contracting to perform an assessment of tasks to streamline processes and determine appropriate levels for review. A competency assessment is under way in FSD with results due by mid-summer. FRO continues to review processes and document standard operating procedures (SOPs) and desk guides. It is also identifying skill gaps and positions needed. Depending on resource reallocation, The estimated date of completion is the fourth quarter of FY 2019.
Improper Reporting of Investments	2018-FN-101 April 2019	I.4	Develop and establish high-level analytical procedures at the supervisor and manager level to facilitate the identification and correction of errors in financial reporting processes—See the status of recommendation update provided for recommendation I.3. FRO is also researching tools needed to monitor operations on an ongoing basis.
Improper Reporting of Investments	2018-FN-101 April 2019	I.5	Establish and document procedures to record corrections, including prior-period corrections, in accordance with United States Standard General Ledger guidance. The Library should use these procedures to ensure that corrections posted to the financial management system are properly reflected on the Balance Sheets, Statement of Changes in Net Position, and Statement of Budgetary Resources, as well as that current period results are not impacted by prior-period adjustments—The Library will hire an outside accounting firm to review investment process and general ledger posting models for investment with recommendation for future state. The Library will also compare best practices with Pension Benefit Guaranty Corporation and consult with an investment manager on potential software tools available to streamline processes. The estimated date of completion is the first quarter of FY 2019.

OPPOSITE [TOP RIGHT]: MAP OF THE SEABOARD & RALEIGH RAILROAD AND ITS CONNECTIONS. G.W. & C.B. COLTON & CO, AND SEABOARD AND RALEIGH RAILROAD, 1874. REPOSITORY: GEOGRAPHY & MAP DIVISION, LIBRARY OF CONGRESS.

[LEFT]: SEABOARD AIRLINE RAILWAY STATION, DATURA STREET & TAMARIND AVENUE, PALM BEACH, FL [EAST FACADE AND TOWER VIEW FROM THE SOUTH], CA. 1933.

[LOWER RIGHT]: SEABOARD AIRLINE RAILWAY STATION, DATURA STREET & TAMARIND AVENUE, PALM BEACH, FL, CA. 1933.

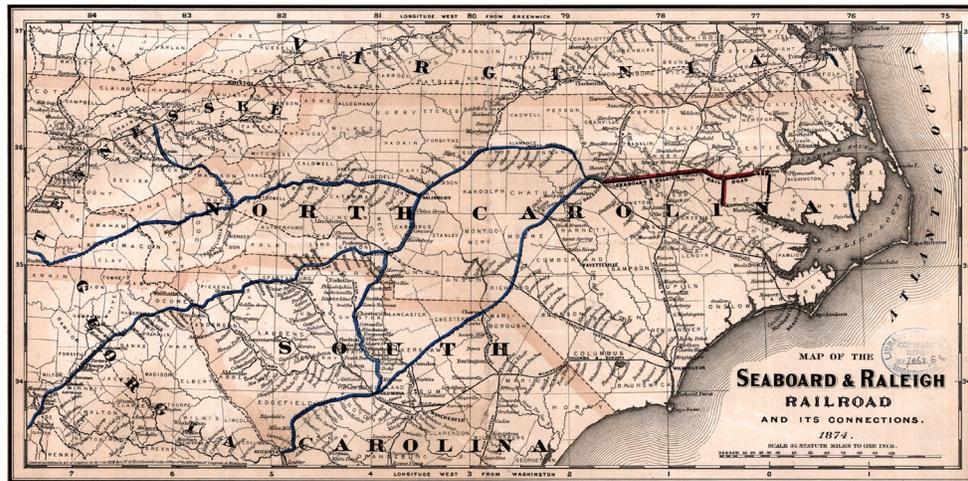
REPOSITORY: PART OF THE HISTORIC AMERICAN BUILDINGS SURVEY, PRINTS & PHOTOGRAPHS DIVISION, LIBRARY OF CONGRESS.

³³ OIG contracted with an independent certified public accounting firm to complete the Library's FY 2018 financial statements audit.

UNIMPLEMENTED FINANCIAL STATEMENTS RECOMMENDATIONS

TABLE 5C: FY 2018 FINANCIAL STATEMENTS RECOMMENDATIONS MADE BY THE INDEPENDENT PUBLIC ACCOUNTANT

SUBJECT	REPORT NO. ISSUE DATE	REC. No.	SUMMARY OF RECOMMENDATION AND ACTION
Improper Reporting of Investments	2018-FN-101 April 2019	I.6	Establish and document procedures to perform a quarterly reconciliation of non-Treasury investments, to include reconciling all investment, realized and unrealized gain and loss accounts. As part of the quarterly reconciliation, Library personnel should compare the market value of investment per statements received from the financial institutions with the investment balance recorded in the financial system. Any difference noted in the market value should be recorded as an adjustment to the balance of Market Adjustment-Investments account and the unrealized gain or loss accounts. The Library should also use this reconciliation to ensure the appropriate historical cost and current market value amounts are recorded in memo accounts used to create the investment footnote that accompanies the financial statements, as well as to ensure that current period realized and unrealized gains and losses are properly reported on the financial statements—See the status of recommendation update provided for recommendation I.5. The estimated date of completion is the second quarter of FY 2019.



UNIMPLEMENTED FINANCIAL STATEMENTS RECOMMENDATIONS

TABLE 5C: FY 2018 FINANCIAL STATEMENTS RECOMMENDATIONS MADE BY THE INDEPENDENT PUBLIC ACCOUNTANT

REC NO.	REPORT NO. ISSUE DATE	SUMMARY OF RECOMMENDATION AND ACTION
Management Letter Comments (Internal control deficiencies not required to be included in the audit report)		
Office of the Librarian / Financial Services Directorate		
1	2018-FN-101 May 2019	Not for public release.
2	2018-FN-101 May 2019	Not for public release.
7	2018-FN-101 May 2019	Not for public release.
8	2018-FN-101 May 2019	Not for public release.
Office of the Librarian / Office of the Chief Information Officer		
3	2018-FN-102 May 2019	Not for public release.
4	2018-FN-102 May 2019	Not for public release.
5	2018-FN-102 May 2019	Not for public release.
6	2018-FN-102 May 2019	Not for public release.
9	2018-FN-102 May 2019	Not for public release.
10	2018-FN-102 May 2019	Not for public release.
11	2018-FN-102 May 2019	Not for public release.
12	2018-FN-102 May 2019	Not for public release.
13	2018-FN-102 May 2019	Not for public release.
14	2018-FN-102 May 2019	Not for public release.
Financial Services Directorate / U.S. Copyright Office		
1	2018-FN-103 April 2019	Not for public release.
2.1-2.2	2018-FN-103 April 2019	Not for public release.
3.1-3.3	2018-FN-103 April 2019	Not for public release.
4	2018-FN-103 April 2019	Not for public release.
6.1-6.3	2018-FN-103 April 2019	Not for public release.



THE BELL-Y PUNCH.

The Conductor when he collects a fare,
Must punch in the presence of the passinjare.



Clockwise [FROM TOP LEFT]: TEXICO, New Mexico. CONDUCTOR E.K. HILL ABOUT TO GET OFF THE CABOOSE AS AN ATCHISON, TOPEKA AND SANTA FE TRAIN PULLS INTO A SIDING, DELANO, JACK, CA. 1943; CLINTON, IOWA. WOMEN WIPERS [MRS. MARCELLA HART AND MRS. VIOLA SIEVERS] OF THE CHICAGO AND NORTH WESTERN RAILROAD CLEANING ONE OF THE GIANT "H" CLASS LOCOMOTIVES, CLINTON, IOWA, DELANO, JACK, 1943; CLINTON, IOWA. WOMEN WIPERS OF THE CHICAGO AND NORTHWESTERN RAILROAD CLEANING ONE OF THE GIANT LOCOMOTIVES, 1943. PART OF THE FARM SECURITY ADMINISTRATION - OFFICE OF WAR INFORMATION PHOTOGRAPH COLLECTION; THE BELL-Y PUNCH: THE CONDUCTOR WHEN HE COLLECTS A FARE, MUST PUNCH IN THE PRESENCE OF THE PASSINJARE. CURRIER & IVES, AND THOMAS WORTH, CA. 1917; REPOSITORY: PRINTS & PHOTOGRAPHS DIVISION, LIBRARY OF CONGRESS.

REPORTING REQUIREMENTS UNDER THE INSPECTOR GENERAL ACT

TABLE 6: REPORTING REQUIREMENTS UNDER THE INSPECTOR GENERAL ACT OF 1978, AS AMENDED³⁴

IG ACT SECTION	OIG REPORTING REQUIREMENTS	PAGE NUMBER
4(a)(2)	Review of legislation and regulations.	25
5(a)(1)	Significant problems, abuses, and deficiencies.	19-28
5(a)(2)	Recommendations for corrective action.	29-32, 35-37
5(a)(3)	Significant outstanding recommendations.	29-32, 35-37
5(a)(4)	Matters referred to prosecutorial authorities.	26-28
5(a)(5)/6(c)(2)	Information or assistance unreasonably refused or not provided.	N/A
5(a)(6)	Listing of completed audit, inspection and evaluation, and investigative reports.	19-28
5(a)(7)	Summary of significant reports.	19-28
5(a)(8)	Statistical table pertaining to questioned costs for audits, inspections and evaluations, and investigations.	39-40
5(a)(9)	Statistical table pertaining to funds recommended to be put to better use for audits, inspections and evaluations, and investigations.	39-40
5(a)(10)	Prior OIG reports unresolved, uncommented upon, desired timetable for achieving a management decision.	N/A
5(a)(11)	Significant revised management decisions.	N/A
5(a)(12)	Management decision disagreements.	N/A
5(a)(13)	Information described under Section 804(b), Federal Financial Management Improvement Act of 1996.	N/A
5(a)(14)	Information regarding peer reviews involving the OIG.	40
5(a)(15)	List of any outstanding recommendations from any peer review conducted by another OIG.	N/A
5(a)(16)	List of any peer reviews conducted by the IG of another OIG during reporting period.	40
5(a)(17)	Statistical tables pertaining to OIG investigations.	26
5(a)(18)	Description of the metrics for OIG investigative table.	26
5(a)(19)	Reports involving senior Government employees where allegations of misconduct were substantiated, including the facts and circumstances of the investigation and status and disposition of the matter.	28
5(a)(20)	Instance of whistle blower retaliation.	N/A
5(a)(21)	Attempted agency interference with OIG independence, including budget constraints designed to limit OIG capabilities; and incidents where agency has resisted, objected, or significantly delayed access to information	N/A
5(a)(22)	Inspections, evaluations, audits, and investigations of senior Government employees undisclosed to the public.	28

TABLE 7: FYs 2002–PRESENT FUNDS QUESTIONED OR PUT TO BETTER USE

FUNDS QUESTIONED AND PUT TO BETTER USE	FUNDS QUESTIONED AND PUT TO BETTER USE TO OIG DISCRETIONARY BUDGET ³⁵
\$78,738,085	2.06:1

³⁴ Each Inspector General shall, not later than April 30 and October 31 of each year, prepare semiannual reports summarizing the activities of the Office during the immediately preceding six-month periods ending March 31 and September 30.

³⁵ Total budget minus (1) unreimbursed cost of mandatory financial statement audits, including the cost of OIG staff to oversee financial statement activity, and (2) any unobligated funds returned to the Library for resource reallocation.

TABLE 8: FY 2019 AUDITS WITH RECOMMENDATIONS FOR BETTER USE OF FUNDS

REPORTING PERIOD	NUMBER OF AUDIT REPORTS	TOTAL FUNDS PUT TO BETTER USE
No management decision was made by the start of the period:	-	-
Issued during the period:	-	-
In need of management decision during the period:	-	-
Management decision made during the period:		
Value of recommendations agreed to by management:	-	-
Value of recommendations not agreed to by management:	-	-
No management decision made by the end of the period:		
Less than six months old:	-	-
More than six months old:	-	-

TABLE 9: FY 2019 AUDITS WITH QUESTIONED COSTS

REPORTING PERIOD	NUMBER OF AUDIT REPORTS	TOTAL QUESTIONED COSTS	UNSUPPORTED COSTS
No management decision made by the start of the period:	-	-	-
Issued during the period:	-	-	-
In need of management decision during the period:	-	-	-
Management decision made during the period:			
Value of recommendations agreed to by management:	-	-	-
Value of recommendations not agreed to by management:	-	-	-
No management decision made by the end of the period:			
Less than six months old:	-	-	-
More than six months old:	-	-	-

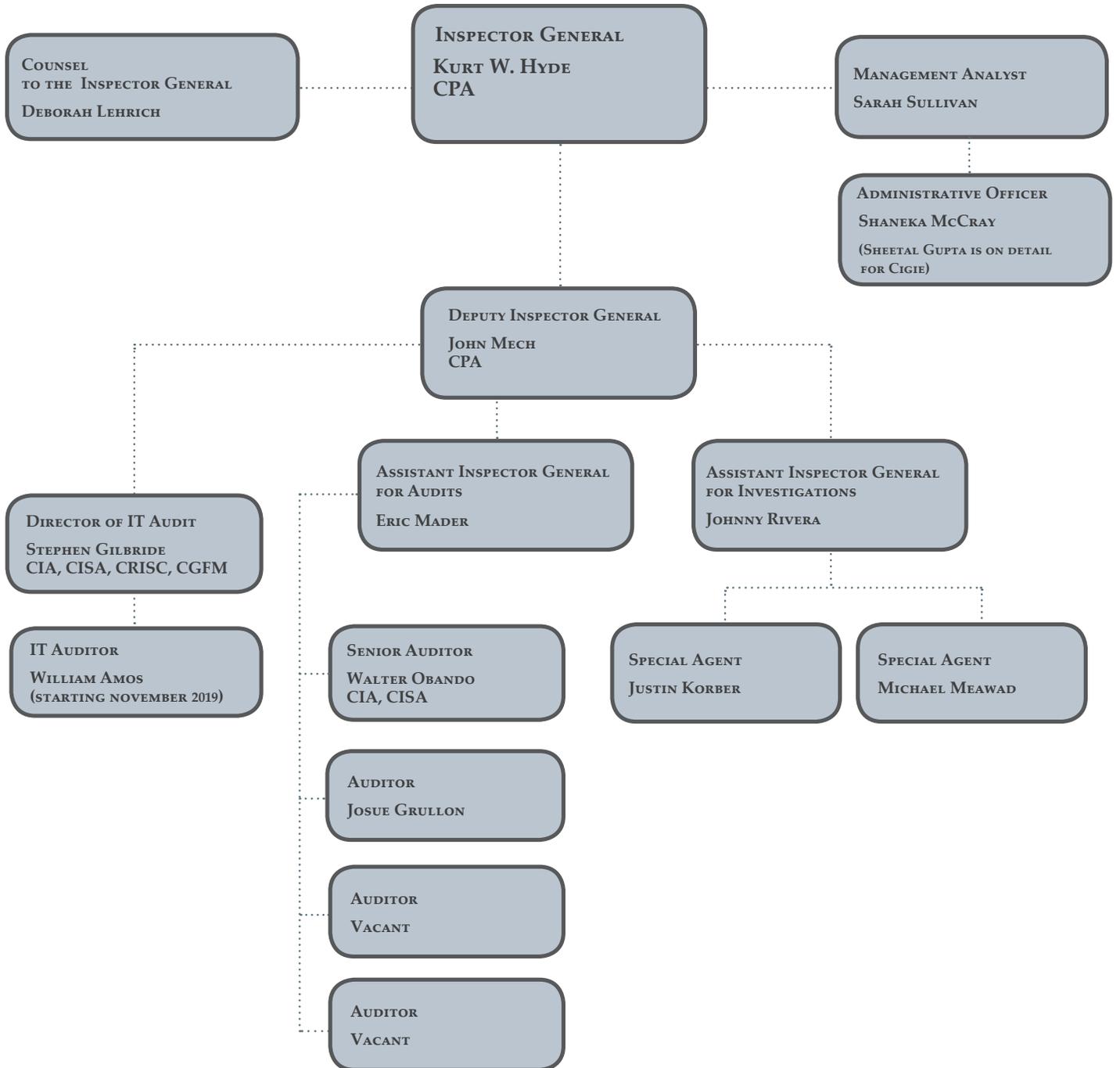
PEER REVIEW REPORTING

OIG's audit division undergoes external peer reviews at least once every three years. OIG was most recently the subject of a Council of the Inspectors General on Integrity and Efficiency (CIGIE) peer review for compliance with audit standards by the Architect of the Capitol OIG for the period ending March 31, 2019. The Architect of the Capitol OIG concluded that OIG's system of quality control was suitably designed and complied with to provide reasonable assurance of conforming with applicable professional standards in all material respects. Accordingly, the Architect of the Capitol OIG provided a "pass" rating, and no recommendations were made; this is the highest available rating. There were no outstanding recommendations from a previous peer review.

OIG was also the subject of its first CIGIE peer review for compliance with standards for inspections and evaluations by the Securities and Exchange Commission OIG; the review was for the period ending May 1, 2018. The team focused on OIG's policies and procedures. The review determined that OIG generally met the standards under review, and no recommendations were made.

OIG completed its most recent peer review of the Federal Housing Finance Agency OIG in September 2019 for the period ending March 31, 2019. OIG issued a "pass" rating did not make any recommendations in the peer review, and does not have any outstanding recommendations from past peer reviews conducted of other audit organizations.

OFFICE OF THE INSPECTOR GENERAL – ORGANIZATIONAL CHART



OFFICE OF THE INSPECTOR GENERAL HOTLINE

HELP PROMOTE INTEGRITY, ECONOMY, AND EFFICIENCY

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