



governmentattic.org

"Rummaging in the government's attic"

Description of document: **Library of Congress (LOC), Office of the Inspector General Semiannual Report to the Congress For 01-Oct-2006 - 31-Mar-2007**

Released date: 28-February-2008

Posted date: 10-March-2008

Date/date range of document: 01-Oct-2006 - 31-Mar-2007

Source of document: The Library of Congress
Office of the Inspector General
101 Independence Ave, SE
Washington, DC 20540

The governmentattic.org web site ("the site") is noncommercial and free to the public. The site and materials made available on the site, such as this file, are for reference only. The governmentattic.org web site and its principals have made every effort to make this information as complete and as accurate as possible, however, there may be mistakes and omissions, both typographical and in content. The governmentattic.org web site and its principals shall have neither liability nor responsibility to any person or entity with respect to any loss or damage caused, or alleged to have been caused, directly or indirectly, by the information provided on the governmentattic.org web site or in this file.



THE LIBRARY OF CONGRESS

WASHINGTON, D.C. 20540

OFFICE OF THE
INSPECTOR GENERAL

February 28, 2008

This letter responds to your request to our office for copies of our Semi-Annual Reports.

The Library of Congress Office of Inspector General became statutory upon the enactment of Public Law 109-55 in August of 2005. Consequently, we are only enclosing copies of our Semi-Annual Reports for the years between August, 2005, and the present. We are sending you hard copies of these reports because they are not available in digital/electronic form at present. There is no charge for these copies.

Thank you for expressing interest in the Library of Congress Office of the Inspector General.

Sincerely,

A handwritten signature in black ink, appearing to read "Ken Keeler", written over a horizontal line.

Kenneth Keeler
Assistant Inspector General
for Investigations

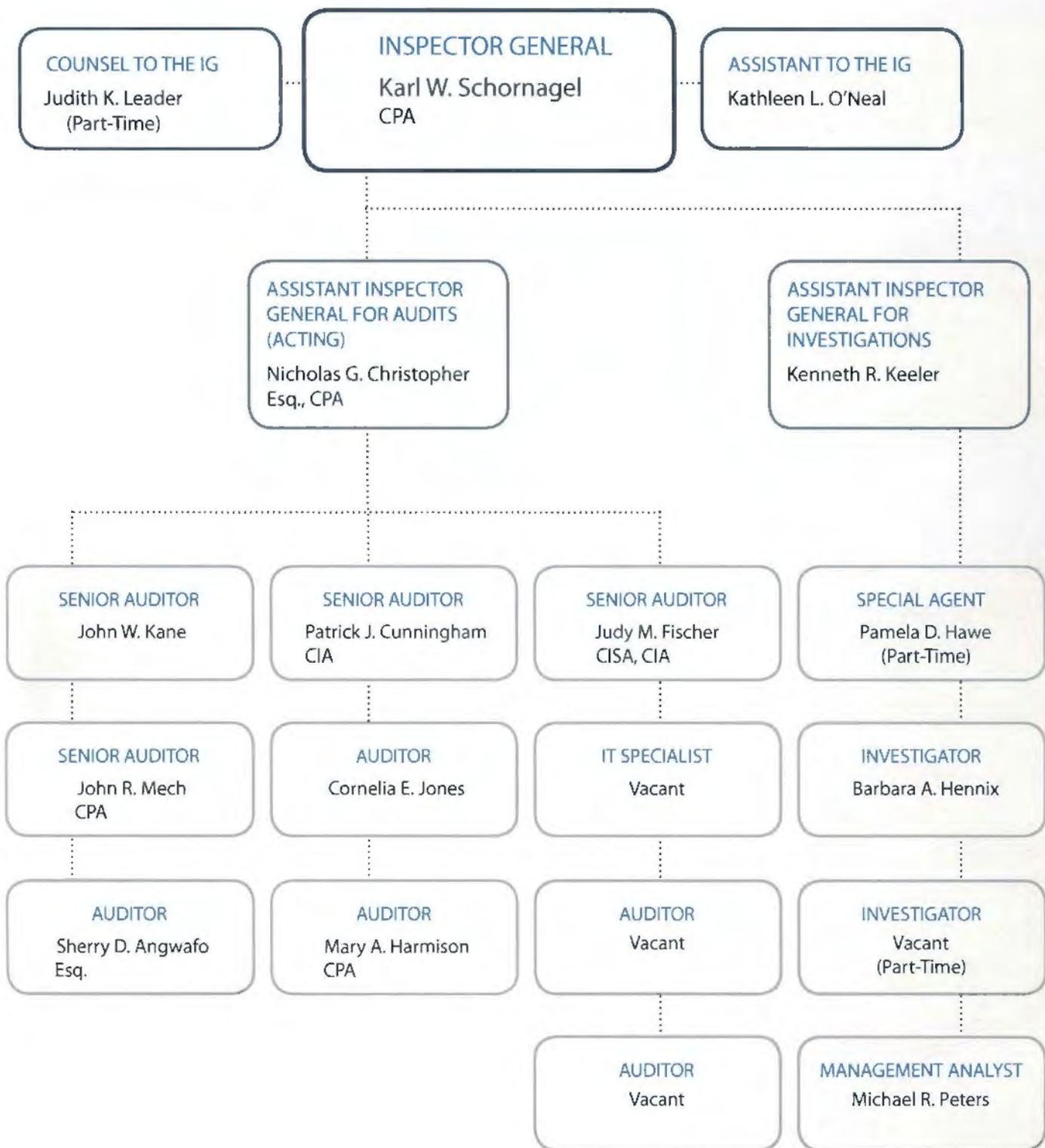
SEMIANNUAL REPORT TO THE CONGRESS

OFFICE OF THE INSPECTOR GENERAL

October 1, 2006 - March 31, 2007



The LIBRARY
of CONGRESS





The LIBRARY of CONGRESS

April 30, 2007

A MESSAGE FROM THE INSPECTOR GENERAL

I am pleased to present our Semiannual Report to the Congress for the period ended March 31, 2007.

In the last six months we prepared reports on the acquisition of collections, human resources policies, the National Digital Information Infrastructure and Preservation Program's (NDIIPP) oversight of grants, fiscal year (FY) 2006 Library-wide and Madison Council Fund financial statements, our peer review of the National Endowment for the Arts Office of the Inspector General, and researcher access to the Library's general collections. We also assisted in the preparation of analyses for the replacement of a Library financial system, and consulted on the Library's response to a Government Accountability Office report on the National Library Service for the Blind and Physically Handicapped. Finally, we conducted several investigations and proactive reviews on topics ranging from thefts of Library property to conflicts of interest on financial disclosures.

Also in the last six months, we completely rewrote our Library of Congress Regulation, *Functions, Authority, and Responsibility of the Inspector General*. This rewrite, reflecting our new authority to operate and expanded duties and responsibilities, was necessitated by the passage of the Library of Congress Inspector General Act of 2005, Public Law 109-55 in August 2005. The regulation was published on December 4, 2006.

In the next six months, we will report on in-progress reviews of the Library's facilities and design operations, travel program, disbursement operations, contracting operations, compliance by the NDIIPP grantees with grant terms and conditions, and the Open World Leadership Center's FY 2006 financial statements.

The Federal Trade Commission OIG performed a peer review of our audit operations this year. I am pleased to report that our office received an unqualified opinion with no management letter comment.

We welcome the Library's Chief Operating Officer, Jo Ann Jenkins, to her new position and appreciate the support and cooperation extended to our staff.

Karl W. Schornagel
Inspector General

THIS PAGE INTENTIONALLY LEFT BLANK

TABLE OF CONTENTS

INTRODUCTION.....	1
AUDITS.....	3
Collections Acquisition Strategy.....	3
Human Resources Policies.....	3
National Digital Information Infrastructure and Preservation Program.....	4
Library of Congress Financial Statements.....	5
James Madison Fund Financial Statements.....	7
Peer Review of the National Endowment for the Arts OIG	7
INVESTIGATIONS.....	8
Significant Criminal and Administrative Investigations.....	9
OIG Law Enforcement Authority Challenged.....	12
FOLLOW-UP ON PRIOR PERIOD RECOMMENDATIONS.....	13
UNIMPLEMENTED RECOMMENDATIONS.....	14
IMPLEMENTED RECOMMENDATIONS.....	15
FUNDS QUESTIONED OR PUT TO BETTER USE.....	18
INSTANCES WHERE INFORMATION OR ASSISTANCE REQUESTS WERE REFUSED.....	19
STATUS OF RECOMMENDATIONS WITHOUT MANAGEMENT DECISIONS.....	19
SIGNIFICANT REVISED MANAGEMENT DECISIONS.....	19
SIGNIFICANT MANAGEMENT DECISIONS WITH WHICH OIG DISAGREES.....	19
OTHER ACTIVITIES.....	20
Participation in the ECIE.....	20
Peer Review of the Library's OIG.....	20
Legislative Branch OIG "Council".....	20
Digital Talking Book Project.....	20
Researcher Access to Collections.....	21
FEDLINK System Replacement Project	21
Center for Research Libraries Project	22
REVIEW OF LEGISLATION AND REGULATIONS.....	23

THIS PAGE INTENTIONALLY LEFT BLANK

INTRODUCTION

THE MISSION OF THE OFFICE OF THE INSPECTOR GENERAL IS TO PROMOTE ECONOMY, EFFICIENCY, AND EFFECTIVENESS BY DETECTING AND PREVENTING WASTE, FRAUD, AND ABUSE.

To accomplish our mission, we conduct audits and investigations. Our goals, objectives, strategies, and performance indicators can be found in our Strategic Plan, available on our Web site at <http://www.loc.gov/about/oig>.

In addition to conducting audits and investigations, we lend our expertise on a consulting basis to many Library offices and external organizations.

Our philosophy is to be proactive rather than audit "after the fact." We believe this approach results in a more efficient use of resources by detecting and preventing problems early. Accordingly, we are following several key projects throughout the Library and rendering assistance and making recommendations as needed.

Our staff is educated and certified in various disciplines. We are, collectively, four certified public accountants, three attorneys, two certified internal auditors, one certified information systems auditor, two special agents, one investigator, one Master of Library Science, and other highly qualified staff.



Second level of the Great Hall, Thomas Jefferson Building

AUDITS

COLLECTIONS ACQUISITION STRATEGY

Audit Report No. 2006-PA-104
December 2006

More than seven thousand items are added to the Library's collections every day, requiring the investment of significant logistical and financial resources in order to acquire, process, store, and preserve these items. We performed an audit of the acquisition process to determine whether the Library is efficiently and effectively acquiring materials that meet researchers' needs, and whether it is considering the logistical issues of its acquisitions. Because of increasingly severe space and budget considerations, we concluded that the Library should be more selective in both the quantity and usefulness of materials it acquires.

- **The Library Should Explore Strategies to Reduce the Quantity of Materials it Collects** – The Library is unable to keep up with the inflow of materials, resulting in a six- to twelve-month delay between acquisition and availability, books overflowing in the stacks, preservation backlogs, and a new \$20 million storage module needed every four years. We recommended that the Library explore not collecting certain materials; collaborating with other institutions to act as “trusted repositories;” and adding only one, rather than multiple, copies of an item to the general collections.
- **The Library Should Focus its Collection Strategy** – The Library has conducted reviews to evaluate the relevance of the materials it collects, but only on a decentralized and inconsistent basis. By not taking into account the changing environment and needs of its patrons, the Library risks expending resources to acquire materials that may not meet researchers' most critical needs. We recommended establishing a methodology to determine which materials are more useful to researchers; more effectively using loan records and vendors' records of access to electronic databases or subscriptions; and reviewing

the collections policy more frequently.

- **The Library Has Begun Establishing the Framework for a Transformation to the Digital Age** – The Library has taken the necessary steps for successful transition to the digital environment. However, we found that as a matter of policy, the Library is acquiring as much analog material as it did before the growth of digital media. We recommended that the Library examine the amount it is spending on electronic resources in relation to other research libraries and reevaluate whether it is successfully serving its patrons; consider creating a full-time digital subscription manager; and reevaluate its policy of maintaining both analog and digital copies of the same material.

In its response, the Library noted that recommendations from the audit implicate fundamental questions regarding the Library's basic mission and core values, but agreed to re-evaluate collections acquisition policies and methodologies.

HUMAN RESOURCES POLICIES

Attestation Report No. 2005-AT-902
March 2007

In 2004, it gradually became apparent that Library employees were so dissatisfied with Library personnel policies and practices that they were looking outside of the organization for help. Not only were employees filing complaints on our hotline, they were also seeking outside support from members of Congress.

We undertook this project to determine the reasons for the dissatisfaction. To probe for the underlying cause of the employee dissatisfaction, we established two audit objectives: (1) Is there a communication breakdown between management and staff and (2) Is the Library following best practices in federal personnel management?



We concluded that the organizational culture at the Library inhibits communication between management and staff. Information is either disseminated on a need-to-know basis or presented in such a complex way that the message is lost. Our major findings and recommendations are as follows:

- **The Library Should Make Its Personnel Policies More Accessible** – The Office of General Counsel has posted union contracts and personnel policies on the staff intranet, yet there is no easy way to search these documents. Employees should be able to use keyword searches to find answers to common questions on issues like sick leave. We recommended that the Office of Human Resources Services build a subject index such as the one found on the Office of Personnel Management’s web site.

- **The Library Should Update its Personnel Policies and Better Communicate with Staff** – The Office of General Counsel and the Office of Human Resources Services are working together to update old personnel policies – yet 43 percent of them are at least six years overdue for revision. We recommended that the Office of Human Resources Services let employees know which regulations are being revised, are under review by the Executive Committee, or are being negotiated with the Library’s labor unions.

- **The Library Should Follow Best Practices with Respect to External Hearings** – Notwithstanding an external hearing process for certain adverse actions, the Librarian can override the external process and make the final decision. We recommended that he permit the Government Accountability Office’s Personnel Appeals Board to make binding decisions on Library cases that it hears.

- **The Library Should Establish a Table of Penalties** – The Library does not post or share with its managers the penalty criteria it uses to determine how to deal with misconduct. We recommended that the Library publish a table of penalties, thus following best practices in the federal government, which indicate that part of a complete system of personnel policies is a table indicating a range of penalties for misconduct. In this way, both managers and

staff are informed about the potential consequences of their actions and a consistent, defensible result is achieved.

- **The Library Should Establish Employee and Supervisor Manuals** – We found that information about the Library’s personnel policies and regulations was difficult to find. We recommended that the Library prepare and promulgate both an employee and a supervisor manual to help guide both in determining what Library policy is on various personnel matters.

The Library generally agreed with most of our recommendations and is currently making a management decision about external hearings and a table of penalties.

NATIONAL DIGITAL INFORMATION INFRASTRUCTURE AND PRESERVATION PROGRAM

*Audit Report No. 2006-PA-105
March 2007*

The Library’s National Digital Information Infrastructure and Preservation Program (NDIIPP) was created by special legislation in December 2000 in recognition of the importance of preserving digital content for future generations. The goal of the program is to develop a national strategy to collect, archive, and preserve the growing amounts of digital content for current and future generations.

To this end, the NDIIPP created a collaborative program that combines resources from government and educational institutions and private partners. The collaborative effort is intended to result in strategies for collecting and storing “born-digital” materials.

In September 2004, the Library awarded cooperative agreements to eight lead institutions (the “partners”). The purpose of the agreements is to identify, collect, and preserve historically important digital materials within a nationwide digital preservation infrastructure.

We performed an audit of four of the eight cooperative agreements. Our objectives were to determine whether

the NDIIPP partners are administering their cooperative agreements according to their terms, conditions, and applicable laws and regulations; and whether the Library is providing adequate oversight for the program. Overall, we found that both the partners and the Library are adequately administering the NDIIPP program. However, we did find that the Library needs to improve its monitoring of costs so that unallowable costs can be identified; improve oversight of the NDIIPP partners' non-federal match so that funds are released only with a valid non-federal match; and formalize and fully implement draft procedures so that the program's performance is effectively monitored.

We intend to continue our examination of the NDIIPP in the current semiannual period by reviewing in greater detail financial information provided by the NDIIPP partners.

The Library generally agreed with our recommendations.

LIBRARY OF CONGRESS FISCAL YEAR 2006 FINANCIAL STATEMENTS

Audit Report No. 2006-FN-503
February 2007

Kearney & Company audited the Library's consolidated Balance Sheets as of September 30, 2006 and 2005; the related consolidated Statements of Net Costs, Changes in Net Position, and Financing; and the Combined Statements of Budgetary Resources for the fiscal years then ended. In the auditors' opinion, the financial statements, including the accompanying notes, present fairly in all material respects, the financial position of the Library and its net costs, changes in net position, budgetary resources, and financing of operations in conformity with accounting principles generally accepted in the United States.

The auditors also performed tests of compliance with laws and regulations; considered internal controls over financial reporting and compliance; and in a separate report, examined management's assertion about the effectiveness of internal controls over safeguarding collections assets.

- Internal Controls Over Financial Reporting – The auditors did not express an opinion on internal controls.

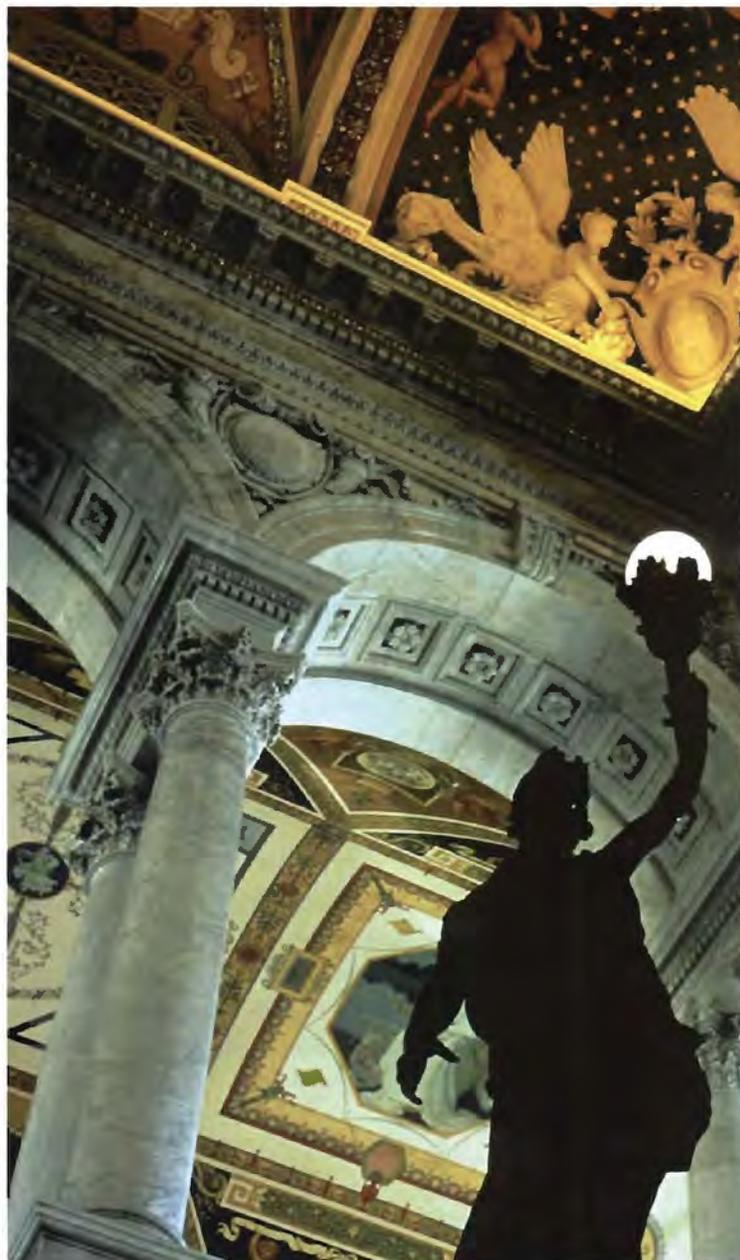
However, their evaluation of those controls disclosed no matters involving internal controls and their operations that they considered to be material weaknesses.

In prior years, the auditors reported on weaknesses identified in the Library's General Support System (GSS) and Entity-Wide Security Program, which they classified as reportable conditions. Specifically, they noted that the Library had not fully implemented an Entity-Wide Security Program, and identified control weaknesses in the Library's GSS that affected the availability, integrity, and confidentiality of all applications and data residing in the processing environment. During FY 2006, the Library completed the implementation of enhancements addressing the above weaknesses. As a result, the auditors closed the prior years' findings and no longer consider weaknesses in controls over information technology (IT) to be a reportable condition. The auditors noted that IT internal controls exist in a dynamic environment where new risks are constantly evolving; and consequently, continued management commitment to an effective IT internal control environment will be essential to ensure adequate protection in the new environment. We commend the Library on taking steps sufficient to eliminate its prior year reportable conditions related to IT security.

- Compliance and Other Matters – Library management is responsible for complying with applicable laws and regulations. The auditors are responsible for testing compliance with selected provisions of laws and regulations that have a direct and material effect on the financial statements and certain other laws and regulations specified in OMB guidance. The auditors found no instances of noncompliance that are required to be reported under Generally Accepted Government Auditing Standards (GAGAS). In prior years, the auditors had reported that the Library did not comply with the Congressional Accountability Act of 1995, based on a safety investigation conducted in January 2001 that identified numerous safety hazards in the Library's three Capitol Hill buildings. Based on the Library's completion of efforts to mediate these hazards, the auditors cleared this item of noncompliance for FY 2006.

- Management's Assertion About the Effectiveness of Internal Controls Over Safeguarding Collections Assets – Although the valuation of the collections of heritage assets is not reported in the Library's balance sheet, the assets represent an important stewardship responsibility requiring a system of controls to ensure accountability. To this extent, the Library includes in its financial statements a stewardship report and makes an assertion about the effectiveness of the internal controls over collections assets.

Management is responsible for establishing and maintaining the internal control structure for the collections. Management assessed the effectiveness of the Library's internal control structure over safeguarding collections against unauthorized acquisition, use, or disposition based upon established control criteria. The auditors evaluated internal controls over collections assets by examining, on a test basis, evidence supporting management's assertion and by performing such other procedures as they considered necessary. The auditors concluded that management fairly stated that: they cannot provide reasonable assurance that the internal control structure over safeguarding collections assets against unauthorized acquisition, use, or disposition was completely effective for all of the Library's collections, and that management cannot assert that collections inventory controls are fully implemented during the in-processing and in-storage life cycles.



Statue in the Great Hall, Thomas Jefferson Building

JAMES MADISON COUNCIL REVOLVING FUND FISCAL YEAR 2006 FINANCIAL STATEMENTS

Audit Report No. 2006-FN-503
March 2007

The James Madison Council is an advisory body of public-spirited individuals who contribute ideas, expertise, and financial support to promote the Library's collections and programs. The James Madison Council Fund (Fund) was established in 1989 to encourage contributions not only for current programs, but for permanent endowments that will impact the collections and programs in the future.

Under contract with the OIG, the accounting firm of Kearney & Company audited the Fund's FY 2006 financial statements and issued its Independent Auditor's Report. The audit included the Fund's statement of financial position as of September 30, 2006, and the related statements of activities and cash flows. The auditors concluded that the financial statements were presented fairly in all material respects, and in conformity with generally accepted accounting principles. The auditors found no material weaknesses in internal controls over financial reporting, nor any instances of noncompliance with laws and regulations that are required to be reported under GAGAS.

For both the Library of Congress and Madison Fund financial statements audits, we performed the following steps to ensure the quality of the auditors' work:

- reviewed Kearney's approach and planning of the audit,
- reviewed significant audit working papers,
- evaluated the qualifications and independence of the auditors,
- monitored the progress of the audit at key points,
- coordinated meetings with Library management to discuss progress, findings, and recommendations,
- performed other procedures we deemed necessary, and
- reviewed and accepted Kearney's audit report.

PEER REVIEW OF THE NATIONAL ENDOWMENT FOR THE ARTS OIG

Special Project No. 2007-SP-101
March 2007

Offices of Inspectors General are required, as part of an overall quality control program, to undergo a peer review. The peer review, typically conducted by another OIG, consists of an in-depth review of the documented system of quality control, along with a rigorous examination of sample products.

We conducted a peer review of the quality control system of the National Endowment for the Arts Office of the Inspector General (NEA/OIG) audit operations that was in effect for FY 2006. Elements of the system included NEA/OIG's organizational structure and the policies and procedures the office established to perform its audit work. Our objective was to determine whether the system was designed to provide reasonable assurance that its application would result in work conforming to GAGAS promulgated by the U.S. Comptroller General. Based on our evaluation and selective tests, we concluded that NEA/OIG's quality control system in effect for FY 2006 was designed to meet GAGAS and that the office's FY 2006 audit work conformed to the system. Accordingly, we believe there is reasonable assurance that NEA/OIG's audit work in FY 2006 conformed to applicable auditing standards, policies, and procedures. We provided specific comments and recommendations for enhancing the system to the NEA/OIG that did not affect our overall conclusions about the system.



INVESTIGATIONS

During the reporting period we opened 24 and closed 33 investigations. We referred three cases to the U.S. Attorney's Office: of those, two were declined and one was prosecuted. We recovered stolen property worth \$2,000 and prevented the illegal sale of six National Library Service for the Blind and Physically Handicapped talking book players on eBay. Case and Hotline activity are detailed below:

TABLE 1: INVESTIGATION CASE ACTIVITY

	CRIMINAL/CIVIL	ADMINISTRATIVE	TOTAL
Beginning of period	12	16	28
Opened	6	18	24
Closed	9	24	33
<hr/>			
End of Period	9	10	19

TABLE 2: HOTLINE ACTIVITY

	COUNT
Allegations received	9
Referred to management for action	5
Opened as investigations	2
Closed with no action	2

SIGNIFICANT CRIMINAL AND ADMINISTRATIVE INVESTIGATIONS

Theft from Loading Dock

A Library contractor observed and reported a Library employee attempting to sell Library property at a local recycling yard. An OIG special agent determined that the employee had removed 2,000 pounds of coaxial cable, valued at \$1,200, from a Library loading dock. The special agent (1) recovered the property, (2) obtained an arrest warrant charging the employee with First Degree Theft, and (3) facilitated the employee's arrest. To avoid a criminal trial, the employee accepted a court-approved agreement requiring 40 hours of community service and probation. Administrative action is pending.

Financial Disclosure/Ethics

An OIG special agent and our independent counsel conducted an inquiry into the Library's policy and procedures for annually reviewing and certifying Financial Disclosure Statements. We found that substantive conflict of interest reviews were not conducted for the 2005 and 2006 submissions, and as a result, the Library was not in full compliance with Section 106(b) of Title I of the Ethics in Government Act of 1978. The technical reviews did not look beyond the face of the form at content for any nexus between a filer's financial interests and his/her official duties and work assignments.

The OIG recommended that the Library's General Counsel (1) review existing Library policy and procedures and make appropriate revisions to enhance the quality and rigor of the annual Financial Disclosure Statement reviews, (2) ensure that its conflict of interest reviews are in full compliance with the law, and (3) provide greater assurance that Library filers are complying with laws relating to financial disclosure and conflict of interest.

We asked the General Counsel for an action plan within 30 days. We will report on the status of this issue in our next Semiannual Report.

Conflict of Interest

The OIG received information that a Library procurement officer may have improperly steered contracts to his son's employer. OIG special agents found that the employee had initiated several such procurements totaling about \$75,000. This conduct created at least the appearance of a conflict of interest, impartiality, and misuse of position. The OIG referred evidence in the case to management for appropriate action. The employee retired before any management action was taken.

Contractor Employment Eligibility Verification Compliance

The OIG initiated a review of Library contractors to determine compliance with the Immigration Nationality Act and Federal Acquisition Regulation requirements for foreign nationals hired by federal contractors. The OIG worked with the Department of Homeland Security, Immigration and Customs Enforcement agency (ICE) whose mission is to prevent illegal aliens and people working under assumed identities from gaining access to critical infrastructure sectors. ICE conducted an I-9 Employment Eligibility Verification form audit of a Library contractor whose employees have access to many areas within the Library complex. The audit disclosed technical and procedural violations on some of the I-9 forms. These findings, in connection with other allegations disclosed in the OIG review, were referred to the federal entity that oversees compliance with these rules and regulations.

Theft of Copper Tubing at Landover Warehouse

The Library's Office of Security & Emergency Preparedness (OSEP) alerted the OIG to the theft of copper tubing from nine rooftop air conditioning units at the Library's Landover warehouse facility, which rendered them inoperable and caused an estimated \$152,000 in damages. The OIG reiterated prior recommendations that OSEP upgrade malfunctioning security equipment and that additional security equipment be installed. OSEP and Library management are currently working to improve perimeter security. The Library's collections were not damaged. Our investigation is ongoing.

Internet Credit Card Scheme

The OIG acted on a complaint from Retail Marketing Office staff that foreign nationals were using stolen credit card numbers to order merchandise for shipment to invalid U.S. addresses (never intending to complete the transaction). The objective of this scheme is to identify and sell valid card numbers. The invalid shipping address is the marker for this scheme. The OIG explained the scheme and recommended internal controls to Retail Marketing Office staff and other Library offices that accept credit card orders.

Workers' Compensation

A Library police officer complained that his claim for a job-related injury was improperly processed. The officer had reported injuries he sustained on Library property as he traveled to work. An OIG investigator determined that the supervisor failed to submit the officer's claim as required by 5 U.S.C., Subpart G, Chapter 81 § 8120, and 18 U.S.C. § 1922, which provide a criminal penalty for falsifying or withholding reports concerning federal employee injury claims. The OIG investigator also determined that the Library's Health Services Office, which administers the Library's Workers' Compensation Program, had submitted the officer's medical information without the required forms, resulting in the Department of Labor denying the claim.

The Health Services Office successfully resubmitted the claim, which resulted in the restoration of 200 hours of the officer's sick leave.

Stolen Laptop Recovered

A U.S. Department of Agriculture employee reported finding a laptop computer with a Library bar code on the grounds of his office complex in Greenbelt, Maryland. OIG staff recovered the laptop and determined that it had been stolen from a Library employee's nearby residence months earlier. The OIG returned the computer to the Library.

Proactive Initiatives

We continue to monitor the Internet for stolen Library property. During this reporting period, we found six talking book cassette players issued by the Library for sale on eBay. The sellers were contacted and directed to return the items.

The OIG is collaborating with the Library's Information Technology Services unit to explore the use of filtering software to identify web traffic involving child pornography. This is an ongoing initiative.





Ceiling of the Great Hall, Thomas Jefferson Building

OIG LAW ENFORCEMENT AUTHORITY CHALLENGED

The Library's General Counsel opined in October 2006 that OIG special agents are not authorized to carry firearms. The General Counsel stated that the Library of Congress Inspector General Act of 2005 (the Act) as promulgated under Public Law 109-55, intentionally excluded a reference to the Inspector General Act of 1978, as amended, that bestows specific law enforcement authority on certain Inspectors General, inferring that the exclusion means that the Congress did not intend the Library's Inspector General to have law enforcement authority.

We disagreed with the General Counsel's conclusion. The specific reference was excluded from our Act because it applies only to Inspectors General appointed by the President. Our position was documented in a December 8, 2006 memorandum to the Librarian which was also shared with House and Senate Appropriations Committee staff. The major points in our memorandum are as follows:

- For the past ten years, our special agents (who are trained law enforcement officers) have exercised law enforcement authority on an as-needed basis through special deputation from the U.S. Marshals Service, which also provides the underlying authority to make arrests and execute search warrants. Law enforcement authority is necessary to effectively and efficiently carry out OIG investigative responsibilities under the Act. Many criminal investigations pursued by our special agents have a potential for violence, including cases involving theft, embezzlement, drug offenses, and fraud. In pursuing these cases, our agents have conducted surveillance and interviews in high-crime neighborhoods, searched residences, and made arrests. The agents carried weapons because they were at risk.
- The alternative is to rely on the U.S. Capitol Police, the FBI, or another Office of Inspector General. Inspectors General were created because of the need for independence in evaluating agency activities. Reliance on an outside party that may not share the Library's priorities and sense of

investigative urgency, and over which the Library has little control, may also impede investigations. Additionally, the FBI has a very high workload and, consequently, threshold for involvement in criminal cases, and has often declined assistance to the Library.

- The Library's Director of Security and Emergency Preparedness believes that the Library's collections security program would be significantly less effective if we were unable to quickly respond to collections thefts, especially if it involved a time-critical search outside the jurisdiction of the Capitol Police. The Librarian also shares this view. Given its unique needs, it is in the Library's best interest for the OIG to continue receiving special deputation from the U.S. Marshals Service and exercising law enforcement authority.

Subsequent to our memorandum, the GAO concluded that there are no legal issues that preclude our agents from exercising law enforcement authority and carrying firearms. This legal view is also shared by other independent counsels whom we consulted.

After obtaining our independent legal opinions on this issue, we sought and obtained the approval of the appropriators from both houses of Congress to continue our law enforcement activities.

FOLLOW-UP ON PRIOR PERIOD RECOMMENDATIONS

Effecting positive management change in Library programs and activities requires a four-phase approach: (1) identifying areas that could benefit from OIG reviews, and planning audits, (2) conducting audits and reporting the results, (3) obtaining agreement from Library managers to take action to resolve recommendations, and (4) following up to determine that implementation has occurred. Significant recommendations from previous semiannual reports on which corrective action has not been completed are contained in Table 3A on page 14.

No audits or other projects were due for formal follow-up reviews in this reporting period.

We are pleased to report, in table 3B on pages 15 and 16, a complete listing of recommendations on which the Library took action in this semiannual period. As a result, we now consider those recommendations implemented.

UNIMPLEMENTED RECOMMENDATIONS

TABLE 3A: SIGNIFICANT RECOMMENDATIONS FROM PREVIOUS SEMIANNUAL REPORTS FOR WHICH CORRECTIVE ACTION HAS NOT BEEN COMPLETED

SUBJECT	REPORT NO. AND ISSUE DATE	SERVICE UNIT	REC. NO.	SUMMARY OF RECOMMENDATIONS
Office of the Librarian				
Dispute Resolution Center	2002-PA-104 September 2003	Office of Workforce Diversity	III	Revise LCR 2020-7 to allow complainants to use dispute resolution during the formal EEO complaint process.
Learning at the Library	2001-PA-105 April 2003	Operations Management and Training	I.G	Provide training to new supervisors. ¹
Equal Employment Opportunity Complaints Office	2001-PA-104 February 2003	Office of Workforce Diversity	I	Evaluate and revise LCR 2010-3.1. ²
Succession Planning	2004-PA-105 March 2005	Office of the Librarian	I.1	Mandate a Library-wide succession planning program that endows Human Resources Services with a strong leadership role.
Office of the Chief Financial Officer				
Management Control Program	2004-PA-106 March 2006	Strategic Planning Office	II	Implement an automated tracking system.
Management Control Program	2004-PA-106 March 2006	Strategic Planning Office	III	Implement a verification review process.
Management Control Program	2004-PA-106 March 2006	Strategic Planning Office	V	Report implementation delays to the Librarian.
Office of Security and Emergency Preparedness				
Management of Police	2003-PA-105 August 2004	OSEP	53	Engage in a greater level of strategic planning.
Emergency Preparedness Program	2005-PA-104 March 2006	OSEP	III	Develop or obtain a threat/risk assessment.
Library Services				
Utilization of Reading Rooms	2003-PA-104 March 2004	Library Services	II.1	Develop a decision model for determining reading room space requirements.
Utilization of Reading Rooms	2003-PA-104 March 2004	Library Services	II.2	Use the model to make decisions about reading rooms, office space, and storage requirements.

¹The Library has implemented a new training program for new supervisors. Included are online training courses and instructor-led training. Due to budgetary constraints, the instructor-led portion has been delayed until later in FY 2007. Once fully implemented, this program will satisfy the intent of our recommendation.

²LCR 2010-3.1 is currently being revised.

IMPLEMENTED RECOMMENDATIONS

TABLE 3B: SIGNIFICANT RECOMMENDATIONS FROM PREVIOUS SEMIANNUAL REPORTS FOR WHICH CORRECTIVE ACTION WAS COMPLETED DURING THIS PERIOD

SUBJECT	REPORT NO. AND ISSUE DATE	SERVICE UNIT	REC. NO.	SUMMARY OF RECOMMENDATIONS AND ACTIONS
Office of the Librarian				
Telecommunications Grant	2006-FN-205 September 2006	Contracts and Grants Management	I	ERC did not comply with three grant provisions. In this period, ERC took action to comply with these provisions.
Telecommunications Grant	2006-FN-205 September 2006	Contracts and Grants Management	II	ERC lacked policies and procedures. In this period, ERC implemented key policies and procedures.
Integrated Support Services				
Inventory and Equipment Management	2004-PA-103 March 2005	ISS	I.2	Reevaluate space needs for the future warehouse planned at Ft. Meade. ISS performed an analysis of space needs.
Transportation Services	2005-PA-101 March 2005	ISS	I.B	Document policies and procedures. ISS implemented a policies and procedures manual.
Landover Warehouse Internal Controls	2006-AT-904 June 2006	ISS	I	Logistics must improve physical accountability of inventory. In this period, ISS took significant steps to improve accountability.
Landover Warehouse Internal Controls	2006-AT-904 June 2006	ISS	II	Security measures did not sufficiently address the threat of employee theft. ISS took steps to remedy this situation.
Landover Warehouse Internal Controls	2006-AT-904 June 2006	ISS	III	Better separation of duties and reconciliations needed in the shipping and receiving functions. ISS took steps to address needed controls.
Landover Warehouse Internal Controls	2006-AT-904 June 2006	ISS	I	Greater separation of duties needed in the computer learning program. ISS took steps to introduce needed controls.
Office of the Chief Financial Officer				
Management Control Program	2004-PA-106 March 2006	Strategic Planning Office	I	Revise the MCP process to better identify control weaknesses. Pursuant to our recommendation, the MCP now requires an explanation for every rating.
Management Control Program	2004-PA-106 March 2006	Strategic Planning Office	IV	Improve the MCP communications mechanism. OCFO completed its SOP manual for the MCP and the LCR and directive are being revised.
Office of Strategic Initiatives				
Financial Statements Audit - FY2005	2005-FN-502 May 2006	ITS	1 & 2	Improve security in the General Support Systems and implement entity-wide IT security program. The Library made a concerted – and successful – effort to implement both recommendations.

TABLE 3B: SIGNIFICANT RECOMMENDATIONS FROM PREVIOUS SEMIANNUAL REPORTS FOR WHICH CORRECTIVE ACTION WAS COMPLETED DURING THIS PERIOD

SUBJECT	REPORT NO. AND ISSUE DATE	SERVICE UNIT	REC. NO.	SUMMARY OF RECOMMENDATIONS AND ACTIONS
Office of Security and Emergency Preparedness				
Management of Police	2003-PA-105 August 2004	OSEP	54 ³	Develop a mission statement. Recommendation closed.
Emergency Preparedness Program	2005-PA-104 March 2006	OSEP	I	Develop a regulation for the program. LCR 211-3 was revised to accomplish intent of recommendation.
Emergency Preparedness Program	2005-PA-104 March 2006	OSEP	VI	Develop an annual training plan. Recommendation closed.
Emergency Preparedness Program	2005-PA-104 March 2006	OSEP	VII	Improve communications and training for disabled staff and monitors. OSEP took steps to address this recommendation.
Emergency Preparedness Program	2005-PA-104 March 2006	OSEP	VIII	Develop an MOU with the Capitol Police. OSEP implemented an MOU and legislation was passed satisfying the intent of this recommendation.
Emergency Preparedness Program	2005-PA-104 March 2006	OSEP	IX	Develop an MOU with the AOC. Recommendation closed.

The term "recommendation closed" indicates that circumstances have rendered a recommendation impractical or unnecessary to implement, or that management has taken alternative actions sufficient to fulfill the intent of the recommendation.

³ Recommendation number refers to an external consultant's report.



The Great Hall, Thomas Jefferson Building

FUNDS QUESTIONED OR PUT TO BETTER USE

TABLE 4: AUDITS WITH RECOMMENDATIONS FOR BETTER USES OF FUNDS

REPORTS...	NUMBER	VALUE
...for which no management decision was made by the start of the period.	-	-
...issued during the period.	-	-
Subtotal	-	-
...for which a management decision was made during the reporting period:		
Value of recommendations agreed to by management.	-	-
Value of recommendations not agreed to by management.	-	-
...for which no management decision was made by the end of the reporting period.	-	-
...for which no management decision was made within six months of issuance.	-	-

TABLE 5: AUDITS WITH QUESTIONED COSTS

REPORTS...	NUMBER	VALUE
...for which no management decision was made by the start of the period.	-	-
...issued during the period.	-	-
Subtotal	-	-
...for which a management decision was made during the reporting period:		
Value of recommendations agreed to by management.	-	-
Value of recommendations not agreed to by management.	-	-
...for which no management decision was made by the end of the reporting period.	-	-
...for which no management decision was made within six months of issuance.	-	-

INSTANCES WHERE INFORMATION OR ASSISTANCE REQUESTS WERE REFUSED

There were no instances during the period concerning the Library's unreasonable refusal to provide information or assistance, or any other refusal from a federal, state, or local government agency.

STATUS OF RECOMMENDATIONS WITHOUT MANAGEMENT DECISIONS

During the reporting period there were no recommendations more than six months old without management decisions.

SIGNIFICANT REVISED MANAGEMENT DECISIONS

During the reporting period there were no significant revised management decisions.

SIGNIFICANT MANAGEMENT DECISIONS WITH WHICH OIG DISAGREES

In Audit Report No. 2004-FN-501, *Performance Based Budgeting (PBB) at the Library: A Good Start, but Much Work Remains*, October 2006, we reported that Library of Congress Regulation (LCR) 1511, *Planning, Budgeting, and Program Performance Assessment*, lacks certain key features we believe are necessary for guiding the PBB process. Those features include designating an Administrative Officer in charge of the PBB process and adding best practices such as exempting areas from PBB methodology where appropriate, addressing duplications in programs and services, conducting external environmental assessments to identify factors that may affect performance goals, publishing comprehensive PBB terminology, and establishing a minimum required frequency for conducting program performance evaluations.

The Library's Chief Financial Officer (CFO) disagreed with our recommendation about designating an Administrative Officer, asserting that "LCR 1511 clearly establishes the roles and responsibilities that define key areas of authority and responsibility, establishes appropriate lines of reporting, and establishes a minimum required frequency for reporting on program performance." The Library's Audit Resolution Official (the Chief Operating Officer) concurred with the CFO.

The Library is successfully completing the process of revamping its strategic planning process and has established an implementation framework for program evaluation. While we acknowledge that the Library has made significant progress under the current revised policy, we believe that implementing our recommendations will significantly strengthen the program and ensure the process survives any changes in key personnel or in management emphasis. This is especially important when making hard choices among competing institutional interests.

OTHER ACTIVITIES

PARTICIPATION IN THE ECIE

During the semiannual period, we were invited to begin attending Executive Council on Integrity and Efficiency (ECIE) meetings. The ECIE is primarily composed of the 34 statutory executive branch Inspectors General that are appointed by the agency heads. The ECIE is complementary to the President's Council on Integrity and Efficiency, primarily composed of 30 Inspectors General nominated by the President and confirmed by the Senate. Both Councils contain members from the Office of Management and Budget (OMB), the FBI, the Office of Government Ethics, the Office of Special Counsel, and the Office of Personnel Management. The Councils are led by the Deputy OMB Director for Management, and a Vice-Chair (one of the Inspectors General) who manages the Councils' daily activities.

Although these Councils were established for the Executive Branch, we benefit from the meetings by keeping abreast of developing audit and investigative issues and techniques, legislative developments, and a variety of other information relevant to our statutory responsibility and authority. We participate in ECIE activities, but generally do not respond to data calls concerning criteria not applicable to the Legislative Branch.

PEER REVIEW OF THE LIBRARY'S OIG

February 2006

In cooperation with the ECIE, our audit operations were peer reviewed during this year by the Federal Trade Commission Inspector General. Peer reviews are required by Government Auditing Standards every three years to ensure that audits and related reviews are governed by an adequate internal quality control system, and that quality control policies and procedures are being complied with to provide reasonable assurance of conforming to applicable professional auditing standards.

We received a "clean" opinion and the peer review report was complimentary of the professionalism and expertise of OIG staff, and of our policy and procedures. There were no recommendations for improvement. This is the highest quality rating the OIG has ever received.

LEGISLATIVE BRANCH OIG "COUNCIL"

November 2006

Inspired by FY 2006 Senate Appropriations language calling for communication and coordination among the OIGs, our office organized and hosted the first-ever meeting of legislative branch Inspectors General. These, in addition to the Library of Congress, include the Government Printing Office, U.S. House of Representatives, Architect of the Capitol, Government Accountability Office, and U.S. Capitol Police. Collaboration is being planned for training, leveraging staff expertise, problem solving, and other topics. The Inspectors General have agreed to hold quarterly meetings in the future.

DIGITAL TALKING BOOK PROJECT

Special Project
February 2007

We recently provided assistance to the National Library Service for the Blind and Physically Handicapped (NLS). In FY 2003, NLS embarked on a multi-year project to replace its aging cassette-book machine with a digital equivalent. We became familiar with the NLS project through our ongoing involvement with NLS and specifically, a survey we performed in 2006 on the project's overall progress. At the time, we reported that although NLS had not rigorously followed government acquisition and project planning criteria, the process had resulted in a valid end product, and made some recommendations for specific steps NLS should take to more closely follow project-planning standards.

In October 2006, the Government Accountability Office (GAO) was asked by Congress to evaluate NLS' planning

process. GAO's report also concluded that NLS had not rigorously followed project-planning standards, and questioned NLS' choice of technology. The report made some far-reaching recommendations.

NLS was tasked with assessing and proposing the Library's response to GAO's draft report on its talking book technology modernization project. We agreed to provide advice for the Library's response to facilitate communication between the Library and GAO. NLS sought our assistance out of concern that GAO had not acquired an adequate understanding of the modernization project's accomplishments during its review. Moreover, NLS recognized that we were familiar with the project and with GAO standards for performing program reviews.

RESEARCHER ACCESS TO COLLECTIONS

Audit Survey Report No. 2007-PA-101
March 2007

The Collections, Access, Loan, and Management Division (CALM) of Library Services is the Library's primary retrieval service for books and other library materials from the general collections. CALM responds to approximately 2,000 retrieval requests each workday. We performed a survey of CALM's material retrieval service to determine if CALM efficiently and effectively responds to requests to retrieve collection items. We did not become aware of any material weaknesses in CALM's operations during our survey, and concluded that further audit work was not necessary.

Our survey assessment indicated that CALM is providing timely and accurate retrieval service, especially considering the volume of material it handles and the size of the Library's general collections. Although about 17 percent of materials requested could not be found, most of these instances did not appear to be attributable to process or internal control failures. Further, we noted that CALM is taking several actions to improve its service, such as outsourcing certain functions, enhancing its quality assurance procedures, shifting less-used materials to offsite storage (to relieve

overcrowded conditions and double stacking of materials), and continuing the Baseline Inventory Program (to ensure books are accurately labeled and shelved, and in agreement with the corresponding inventory record).

Notwithstanding these positive steps, we made two recommendations to improve CALM's service. First, we recommended that CALM collect and make use of automated book retrieval statistics to more objectively evaluate the timeliness of its service. Second, we recommended that Library Services' management place a high priority on resolving the issues preventing the public from using the Library's ILS call slip module to request collection materials. The current system of handwritten call slips that the public uses to request items is, by default, slower than the automated system, and more prone to errors of both spelling (by the requestor) and interpretation (by the deck attendant attempting to read the call slip).

FEDLINK SYSTEM REPLACEMENT PROJECT

Special Project
January 2007

The Library's efforts in fostering excellence in federal libraries and information services are guided by the Federal Library and Information Center Committee (FLICC). The Federal Library and Information Network (FEDLINK) is the cooperative program of FLICC designed to serve its constituents as their purchasing, training, and resource-sharing consortium. Through FEDLINK, participants have cost-effective access to various sources of information and mission-related support services.

FEDLINK currently depends on SYMIN – an aging proprietary financial management system built using the DOS-based Paradox database program. SYMIN interfaces with the Library's state-of-the-art Momentum Financial System, passing transaction data to Momentum. Library management is concerned about SYMIN's future stability and viability, and is interested in exploring options for replacing or improving it.

The Library's Office of the Chief Financial Officer (OCFO) requested guidance from our office in developing requirements for a cost-benefit analysis for replacing or maintaining the FEDLINK system. OIG responded by providing guidance and assistance to OCFO for a statement of work supporting its request for a quotation.

CENTER FOR RESEARCH LIBRARIES PROJECT

Special Project
February 2007

In this semiannual period, we concluded our advisory role on the 18-month project funded by the Andrew F. Mellon Foundation to formulate and model the processes and activities required to audit and certify digital archives. The project started in May 2005 and finished in 2006, culminating in the February 2007 report "Trustworthy Repositories Audit & Certification: Criteria and Checklist." The Center for Research Libraries, a consortium of 200 North American research libraries and universities, published the report based on evolving efforts over the past several years involving the Research Libraries Group, Online Computer Library Center, and the National Archives and Records Administration.

REVIEW OF LEGISLATION AND REGULATIONS

TABLE 6A: REVIEW OF LIBRARY OF CONGRESS REGULATIONS

LCR REVIEWED	COMMENTS BY THE OFFICE OF THE INSPECTOR GENERAL
211-6 Functions, Authority, and Responsibility of the Inspector General	We rewrote in 2006 the Library of Congress Regulation, <i>Functions, Authority, and Responsibility of the Inspector General</i> , which governs our operations. We based the regulation on the Library of Congress Inspector General Act of 2005, Public Law 109-55, August 2005. The regulation was published December 4, 2006.
2015-22 Leave Accrual – Granting Service Credit for Non- federal Service Toward Service Computation Date	We had no comments on this proposed regulation.
2101 Delegations of Authority to Sign Agreements and Procurement Contracts	We had no comments on this proposed regulation.
2140 Miscellaneous Delegations	We had no comments on this proposed regulation.
110 Library of Congress Regulations and Special Announcements	In accordance with the Library of Congress Inspector General Act of 2005, we revised language in this LCR to formalize our responsibility to review and comment on all new and revised regulations before they are finalized to determine their likely impact on the effectiveness and efficiency of the Library's programs and activities.
210-2 Responsibility for Proposals of Functional and Organizational Changes in the Library, and Procedures to be Followed in Connection With Such Proposals	Based on the revision of LCR 211-6, above, a section will be inserted into this LCR authorizing the Inspector General to provide final approval of all personnel actions within the OIG including organizational changes.

TABLE 6B: REVIEW OF LEGISLATION

ITEM REVIEWED	COMMENTS BY THE OFFICE OF THE INSPECTOR GENERAL
S. 680, Title II, Inspectors General Reforms H.R. 928, Sections 1-7, Improving Government Accountability Act	<p>We submitted joint comments with other legislative branch OIGs to the ECIE Legislative Committee. We supported provisions clarifying that OIG administrative subpoena power applies to data in any medium, and recommended that the provisions extending Program Fraud Civil Remedies Act authority to designated federal entities (DFE) be extended to legislative branch agencies. The legislative branch Inspectors General supported the provision in S. 680 for advance congressional notification before removing Inspectors General, and the provisions in H.R. 928 permitting removal of Inspectors General only for cause and establishing a seven year term of office. H.R. 928 also provides for the establishment of a statutory Council of the Inspectors General on Integrity and Efficiency; we recommended the inclusion of legislative branch OIGs on the Council. We agreed with a provision extending statutory law enforcement authority to DFEs and recommended including the Inspectors General of the Government Printing Office, the U.S. Capitol Police, and the Library of Congress in its coverage. S. 680 would also eliminate bonuses and set pay levels for Inspectors General. H.R. 928 would add a mechanism to handle complaints about Inspectors General.</p>

THIS PAGE INTENTIONALLY LEFT BLANK

INSPECTOR GENERAL HOTLINE

Help Promote Integrity, Economy, and Efficiency
Report Suspected Fraud, Waste, Abuse, or Mismanagement
Complaints May be Made Anonymously

Inspector General
Library of Congress
101 Independence Avenue, S.E.
LM-630
Washington, DC 20540-1060

Main Telephone Number: (202) 707-6314

Fax Number: (202) 707-6032

Hotline Telephone Number: (202) 707-6306

Hotline E-mail: oighotline@loc.gov

Any information you provide will be held in confidence.
However, providing your name and a means of communicating
with you may enhance our ability to investigate.

