



## Audit of Selected NLSBPH Contracts and Task Orders



Library of Congress Office of the Inspector General

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OFFICE OF THE INSPECTOR GENERAL

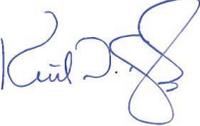
LIBRARY OF CONGRESS

101 INDEPENDENCE AVE., SE

WASHINGTON, D.C. 20540

April 10, 2018

MEMORANDUM FOR: Dr. Carla Hayden  
Librarian of Congress

FROM: Kurt W. Hyde   
Inspector General

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

This transmits the report of Cotton & Company's, LLP (Cotton) audit of selected contracts solicited, awarded, and administered by the National Library Services for the Blind and Physically Handicapped (NLSBPH). The Executive Summary begins on page *i*, and the full text of Cotton's report begins on page 1 in Appendix A.

Because there were no issues noted, therefore no recommendations, management offered no response to the draft report in accordance with LCR 9-160, *Rights and Responsibilities of Employees to the Inspector General*, §6.A.

We appreciate the cooperation and courtesies extended by NLSBPH during this audit.

cc: Acting Deputy Librarian  
Director, NIO  
General Counsel  
Director, NLSBPH

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## Summary

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

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

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

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

## What the Evaluation Found

OIG is pleased to report that based on the audit procedures performed, Cotton determined that NLSBPH complied with Library policies and

procedures in all areas examined. We therefore have no exceptions to report.

## Recommendations

Based on Cotton's "no exception" report, OIG has no recommendations.

## Management Response

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

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# Table of Contents

Appendix A: Cotton & Company’s, LLP Report, <i>National Library Service for the Blind and Physically Handicapped Performance Audit of Selected Contracts, Library of Congress, Office of the Inspector General</i> .....	1
Appendix B: Management Response.....	2

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Appendix A: Cotton & Company's, LLP Report  
*National Library Service for the Blind and  
Physically Handicapped  
Performance Audit of Selected Contracts  
Library of Congress, Office of the Inspector  
General*

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Cotton &  
Company

*Answers Questioned*

**NATIONAL LIBRARY SERVICE  
FOR THE BLIND AND PHYSICALLY HANDICAPPED  
PERFORMANCE AUDIT OF SELECTED CONTRACTS  
LIBRARY OF CONGRESS  
OFFICE OF THE INSPECTOR GENERAL**

March 19, 2018

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**TABLE OF CONTENTS**

**I. SUMMARY .....1**

**II. BACKGROUND.....1**

**III. AUDIT RESULTS .....2**

**APPENDIX A: OBJECTIVES, SCOPE, AND METHODOLOGY.....3**

**APPENDIX B: NATIONAL LIBRARY SERVICE FOR THE BLIND AND PHYSICALLY HANDICAPPED  
RESPONSE.....7**



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**NATIONAL LIBRARY SERVICE  
FOR THE BLIND AND PHYSICALLY HANDICAPPED  
PERFORMANCE AUDIT OF SELECTED CONTRACTS  
LIBRARY OF CONGRESS OFFICE OF THE INSPECTOR GENERAL**

**I. SUMMARY**

The Library of Congress (Library) contains five service units that execute the agency's mission. Within each service unit, there are departments responsible for managing programs in support of the agency's overall mission and strategic plan. Each department procures, awards, and administers contracts as necessary to achieve its goals.

The Library's Office of the Inspector General (OIG) engaged Cotton & Company LLP (referred to as "we" in this report) to conduct a performance audit of selected contracts procured, awarded, and administered by the National Library Service for the Blind and Physically Handicapped (NLS) from June 2015 through December 2017. Our audit objectives were to determine whether NLS complied with Library policies and procedures for the procurement, award, administration, and closeout of the contracts.

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

**II. BACKGROUND**

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

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

independent and objective audits, attestations, investigations, and other reviews to promote the economy, efficiency, and effectiveness of Library programs and operations. The OIG may also hire a contractor to provide these audit services.

The OIG engaged Cotton & Company to conduct a performance audit of selected contracts awarded and administered by NLS to evaluate compliance with Library contracting policies and procedures. NLS falls under the management and administration of National and International Outreach (NIO), a service unit within the Library. NLS administers a free national library program that provides braille and recorded materials to people who cannot see regular print or handle print materials. NLS selects books and magazines for full-length publication in braille, ebraille, and digital audio format. The NLS program is funded annually by Congress and mails books and materials as “Free Matter for the Blind or Handicapped” through a separate appropriation to the U.S. Postal Service. In FY 2017, NLS had an enacted budget of \$50,248,000.

This performance audit was designed to meet the objectives identified in the Objectives, Scope, and Methodology (OSM) section of this report (Appendix A) and was conducted in accordance with Generally Accepted Government Auditing Standards, issued by the Government Accountability Office. We communicated the results of our audit and the related findings and recommendations to NLS and the OIG.

### **III. AUDIT RESULTS**

Based on the results of our audit procedures performed, we determined that NLS complied with Library policies and procedures governing the procurement, award, and administration of the selected contracts. We therefore do not report any exceptions.

COTTON & COMPANY LLP



Michael W. Gillespie, CPA, CFE  
Partner

## **APPENDIX A: OBJECTIVES, SCOPE, AND METHODOLOGY**

### OBJECTIVES, SCOPE, AND METHODOLOGY

We were engaged by the OIG to conduct a performance audit of selected contracts procured, awarded, and administered by NLS from June 2015 through December 2017. The purpose of the audit was to examine contracting activities to determine whether NLS performed these activities in compliance with Library policies and procedures governing the solicitation, award, administration, and closeout of the selected contracts.

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

Contract	Agreement Type	Contractor	Period of Performance	Amount
LCNLS15C0036	IDIQ <sup>1</sup>	American Printing House for the Blind (APH)	06/11/2015 – 06/10/2018	\$0
NLS15D0048	Firm-Fixed Price Delivery Order <sup>2</sup>	American Printing House for the Blind (APH)	09/01/2015 – 06/10/2016	\$1,813,018
LCNLS16C0050	Firm-Fixed Price Contract	J.R. Reingold & Associates, Inc.	09/01/2016 – 08/31/2019	\$5,693,724
LCNLS17D0042	IDIQ	Braille Jymico	07/24/2017 – 07/23/2018	\$0
NLS17T0069	Firm-Fixed Price Task Order <sup>3</sup>	Braille Jymico	07/24/2017 – 07/23/2018	\$14,465
LCNLS17D0066	IDIQ	Retrieval Systems Corporation	09/29/2017 – 09/28/2018	\$0
NLS17T0093	Firm-Fixed Price Task Order <sup>4</sup>	Retrieval Systems Corporation	09/29/2017 – 04/28/2018	\$140,683

We reviewed these agreements using criteria in the Library of Congress Federal Acquisition Regulation Supplement (LCFARS), which provides internal Library guidance for implementing Federal Acquisition Regulation (FAR) policies and procedures. We also used the Library's internal guidance that the Office of Contracts and Grants Management (OCGM) published on the Library's intranet for use by Contracting Officers (CO) and Contracting Officer's Representatives (CORs). We used computer-processed data from Momentum, the Library's financial system of record.

<sup>1</sup> Indefinite-Delivery Indefinite-Quantity (IDIQ) Agreement

<sup>2</sup> NLS15D0048 was the first delivery order issued against IDIQ No. LCNLS15C0036.

<sup>3</sup> NLS17T0069 was the first task order issued against IDIQ No. LCNLS17D0042.

<sup>4</sup> NLS17T0093 was the first task order issued against IDIQ No. LCNLS17D0066.

We performed the following procedures to fulfill the audit objective:

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

the solicitation and administering the contract, to determine if there was any evidence of conflicts of interest or less-than-arm's-length relationships.

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

**APPENDIX B: NATIONAL LIBRARY SERVICE FOR THE BLIND AND PHYSICALLY HANDICAPPED  
RESPONSE**

## Appendix B: Management Response

The Library chose not to submit comments.