

NATIONAL ARCHIVES AND RECORDS ADMINISTRATION

**R**eady  
Access  
to  
Essential Evidence

2005 Performance and Accountability Report



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PART 1

## MANAGEMENT'S DISCUSSION AND ANALYSIS

### A Message from the Archivist of the United States



The National Archives and Records Administration (NARA) is our nation's record keeper. Our daily work is that of preserving and providing access to the records of our Government, whether those records are the Declaration of Independence, service records of military veterans, or documentation on homeland security issues that will make our country safer.

Throughout the history of our democracy, these records have been first-hand witnesses to the events that have shaped our country. They have documented the rights and entitlements of our citizens, and they have held our Government officials accountable to the people.

NARA's mission is vital to continuity of Government, homeland security, public trust, and national morale.

- We provide legal authority to many of the actions of the President and executive agencies through publication in the *Federal Register*, regardless of weather, terrorist attacks, or other emergency that may close other Federal operations.
- We are leading the Federal Government in developing the new technology that will enable the Government to share electronic information across space and time, reducing the risk that critical intelligence will be lost in obsolete hardware and software.
- We act as First Preservers in times of emergency, assisting Federal, state, and local governments in saving their critical records, especially those that document the rights and entitlements of citizens.
- We serve a broad base of customers through a series of education, outreach, and partnership initiatives, contributing to civic literacy in America.
- We protect the plans, drawings, maps, and photographs of Federal facilities worldwide.
- We preserve and provide access to the military service records of 56 million veterans of our armed forces, ensuring that they and their families receive the benefits they have earned by defending our country.
- We protect and display the founding documents of our country – the Declaration of Independence, the Constitution, and the Bill of Rights – which more than a million people a year come to see because these Charters of Freedom are the heart of the democracy we cherish.

Never before has NARA played a more essential role in our Government, and we recognize that the stakes are higher for our success.

That is why I am pleased to present the National Archives and Records Administration's Performance and Accountability Report for FY 2005. Thanks to support from our stakeholders and partners and the efforts of our exceptional staff, we made significant progress on each of the goals of our Strategic Plan and our two preexisting material weaknesses. Our Strategic Plan focuses us on five goals – improving records management, meeting electronic records challenges, expanding opportunities for access, meeting storage and preservation needs of growing quantities of records, and strategically managing our resources. Our progress in these areas is detailed throughout this report, but I must highlight one special achievement here.

On September 8, 2005, NARA announced the award of the development contract for the revolutionary system that will preserve and provide access to electronic records across space and time, the Electronic Records Archives. The goal of this system is to make Federal Government electronic records available virtually anytime, anywhere, to anyone with Internet access.

Let me share an example of how critical this system will be. The personnel files for Americans serving in our armed forces in Iraq, Afghanistan, and around the world are in digital formats. Our service members depend on these records not only for their careers in the military, but subsequently to obtain veteran's benefits, jobs, and insurance. But today no one can guarantee to Americans serving in our armed forces that these electronic records can be preserved for as long as needed. The Electronic Records Archives will enable the U.S. Government to honor its commitment to veterans; it will enable us to maintain their digital military personnel files intact and authentic.

I encourage you to read the rest of this report to discover other strides we have made in helping Federal agencies address records management problems, making it easier for our customers to find and order copies of records, preserving at-risk records for future generations, streamlining the Government's rulemaking process, and much more.

We also have made strides in ensuring that our resources are well managed with the proper oversight. It is my informed judgment that there is reasonable assurance that NARA's management controls are achieving their intended objectives and that the program and financial data contained in this report are valid and reliable. This assessment is based on management control evaluations and other written evaluations conducted in NARA's offices and staff organizations and senior management's knowledge gained from the daily operations of NARA programs and systems. I also have relied upon the advice of NARA's Office of the Inspector General concerning this statement of assurance.

Pursuant to Section 4 of the Integrity Act, the financial subsystems of NARA generally conform to the objectives detailed in OMB Circular A-127, revised. Although three systems (Order Fulfillment Accounting System; Trust Fund–Gift Fund Financial Review, Analysis, and Reporting System; and Records Center Revolving Fund financial management systems) are not in complete conformance because they fail to meet the financial management system requirements, the nonconformances are not deemed material.

NARA, through its management control evaluation process, identified two material weaknesses in previous fiscal years – computer security in FY 2000 and collections security in FY 2001. We were able to eliminate the material weakness for computer

security this year and make substantial progress on the collections security weakness, although work continues in that area. A new material weakness in preservation of records points to our recognition that we must continuously improve the processes we have in place to identify and preserve our at-risk records while at the same time look for new and creative solutions to address the chronic problem. The actions we will take to address this problem are outlined later in this report.

There is much more yet to be done, but I believe that our stakeholders and the public can be proud of their National Archives and Records Administration, which every day is protecting, preserving, and making available the essential documentation of our Government.



Allen Weinstein  
Archivist of the United States

November 15, 2005

## Introduction

This Performance and Accountability Report represents the culmination of the National Archives and Records Administration's (NARA) program and financial management processes, which began with strategic and program planning, continued through the formulation and justification of NARA's budget to the President and Congress and through budget execution, and ended with this report on our program performance and use of the resources entrusted to us. This report was prepared pursuant to the requirements of the Chief Financial Officers Act, as amended by the Reports Consolidation Act of 2000, and covers activities from October 1, 2004, through September 30, 2005.

## How to Use This Report

This report describes NARA's performance measures, results, and accountability processes for FY 2005. In assessing our progress, we are comparing actual results against targets and goals set in our annual performance plan, which we developed to help us carry out our Strategic Plan. Our complete set of strategic planning and performance reports is available on our web site at [www.archives.gov/about/plans-reports/strategic-plan/](http://www.archives.gov/about/plans-reports/strategic-plan/).

This report has four major parts:

- **Management's Discussion and Analysis**

Look here for our agency-wide performance and use of resources in FY 2005. You also will find information on the strategies we use to achieve our goals and the management challenges and external factors that affected our performance.

- **Performance Section**

Look here for details on our performance by strategic goal and long-range performance target in FY 2005. This section covers our targets, how and why we met or did not meet them, and explanations of how we assess our performance and ensure its reliability.

- **Financial Section**

Look here for details on our finances in FY 2005, our consolidated financial statements and notes, required supplementary information, and the reports from our external auditor and our Inspector General. Also included is information on our internal controls and an explanation of what kind of information each of our financial statements conveys.

- **Appendixes**

Look here for our Inspector General's assessment of our agency's management challenges, our FMFIA report, and an update on last year's audit recommendations made by Clifton Gunderson, LLP.

## About NARA

The National Archives and Records Administration is our national record keeper. An independent agency created by statute in 1934, NARA safeguards the records of all three

branches of the Federal Government. Our job is to ensure ready access to essential evidence, and in doing so we serve a broad spectrum of American society. Genealogists and family historians; veterans and their authorized representatives; academics, scholars, historians, business and occupational researchers; publication and broadcast journalists; Congress, the Courts, the White House, and other public officials; Federal Government agencies and the individuals they serve; state and local government personnel; professional organizations and their members; students and teachers; and the general public – all seek answers from the records we preserve.

### ***Our Vision***

The National Archives is a public trust on which our democracy depends. It enables people to inspect for themselves the record of what Government has done. It enables officials and agencies to review their actions and help citizens hold them accountable. It ensures continuing access to essential evidence that documents

- the rights of American citizens,
- the actions of Federal officials, and
- the national experience.

To be effective, we at NARA must determine what evidence is essential for such documentation, ensure that Government creates such evidence, and make it easy for users to access that evidence regardless of where it is, or where they are, for as long as needed. We also must find technologies, techniques, and partners worldwide that can help improve service and hold down costs, and we must help staff members continuously expand their capability to make the changes necessary to realize the vision.



Charlie Kee first visited France in World War II by bailing out of a B-26 bomber over Normandy after it was hit by German fire, only to be captured by the Germans. In 2005, a group in Normandy invited him back to bestow honors on him for his service in the war. For this trip, he needed proof of his U.S. citizenship to get a passport. So Kee, a resident of Granbury, TX, came to our Southwest regional archives in Fort Worth. Archivist Nigel Parker found a 1930 U.S. census page showing Kee as an eight-year-old. Kee stopped by to pick up the document. "As I watched him walk out," Parker said, "I was reminded of why I like my job." (Photo by Nigel Parker)

### ***Our Mission***

NARA ensures, for the Citizen and the Public Servant, for the President and the Congress and the Courts, ready access to essential evidence.

### ***Our Strategic Goals***

NARA's strategic goals are set forth in our Strategic Plan, which we revised in 2003. This revision acknowledged recent achievements, especially in the e-Government arena; assessed new conditions facing us; and committed us to measure our value to the taxpayer by setting aggressive outcome-oriented performance targets.

Our five strategic goals are:

- Essential evidence is created, identified, appropriately scheduled, and managed for as long as needed.
- Electronic records are controlled, preserved, and made accessible for as long as needed.
- Essential evidence is easy to access regardless of where it is or where users are for as long as needed.
- All records are preserved in an appropriate environment for use as long as needed.
- NARA strategically manages and aligns staff, technology, and processes to achieve our mission.



The *Gemeentemuseum* in the Netherlands last year sent NARA's Northeast regional archives in Waltham a World War II dog tag of a deceased American soldier, Carl H. Johnson of Spencer, MA, that had recently been found by a young girl. The museum wanted to reunite the dog tag with Johnson's descendants; they knew only that his sister was buried in Worcester, MA. Archives technician George Sermuksnis searched obituaries from the area and discovered that the soldier's niece, Holly Moran, lived in Sturbridge, MA. The dog tag was sent to her. The *Gemeentemuseum* asked only for something to give the 10-year-old girl who had found the dog tag. Sermuksnis sent two pictorial books on Boston and New England. (Photo courtesy of Holly Moran)

### ***Our Organizational Structure***

We carry out our mission through a national network of archives and records services facilities stretching from Washington, DC, to the West Coast, and from Atlanta to Anchorage, including Presidential libraries documenting administrations back to Herbert Hoover. Additionally, we publish the *Federal Register*, administer the Information Security Oversight Office (ISOO), and make grants for historical documentation through the National Historical Publications and Records Commission (NHPRC). We preserve and make available, in response to hundreds of thousands of requests, the records on which the entitlements of citizens, the credibility of Government, and the accuracy of history depend. More and more people are using our services and gaining access to our records through the Internet, whether by requesting copies of records through our Inquire form at *Archives.gov*, commenting on regulations at the Government-wide site *Regulations.gov*, searching online databases of records and information, or engaging in a host of other activities through *Archives.gov*. We continue to encourage this trend, by adding online services and contributing to several of the President's e-Government initiatives, so that citizens everywhere have access to our vast holdings. The organizational chart in figure 1 provides an overview of NARA's structure.

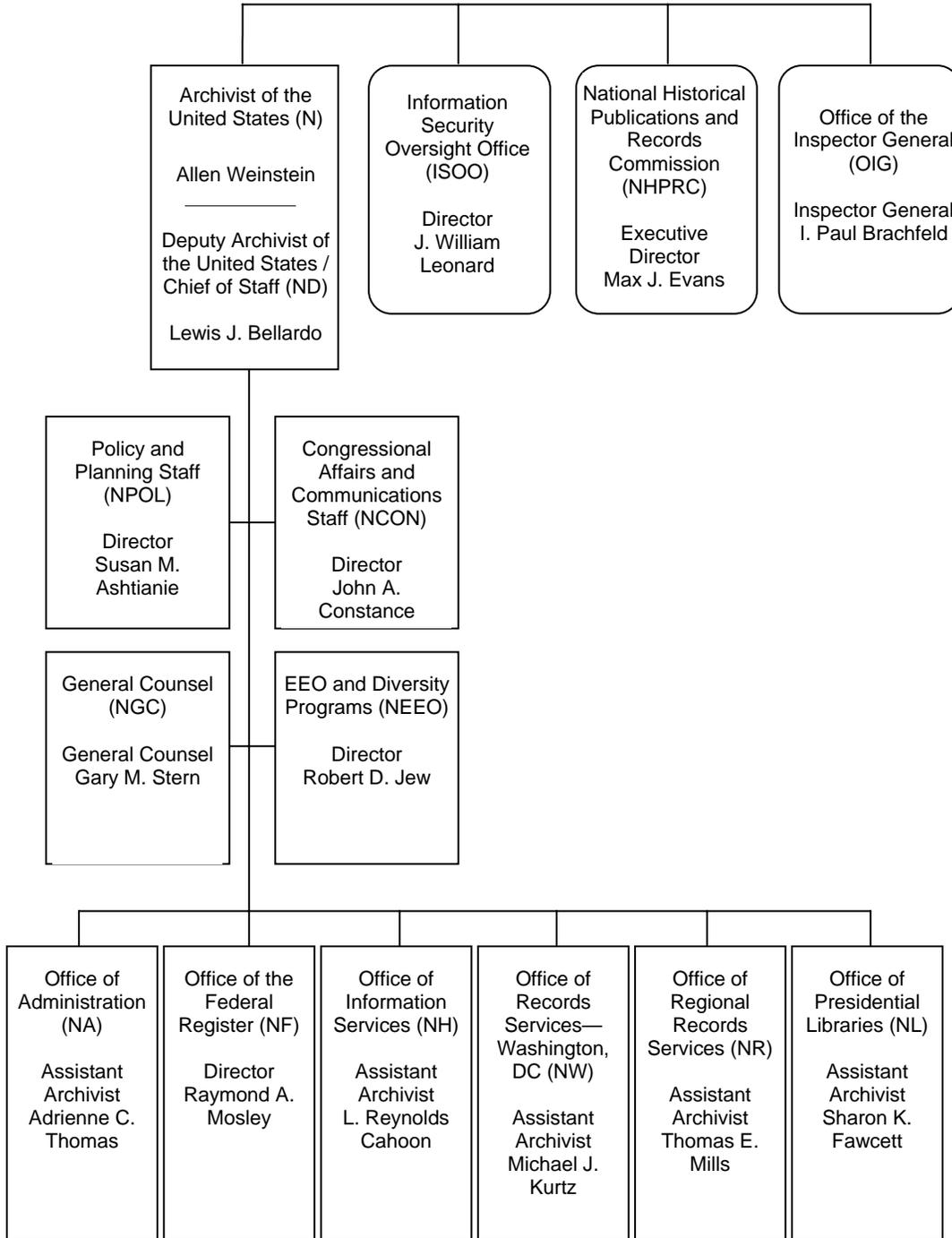


Figure 1. NARA's Organizational Structure

## NARA's Challenges and Management's Actions to Address These Challenges

We at the National Archives and Records Administration (NARA) take our job of serving the public seriously. And never before have we played such an indispensable role in our Government. We are doing this work in the face of multiple challenges that affect the entire Government and beyond:

- The post-September 11 environment has forever changed our Government. We must deal with new and evolving concerns about security, continuity of operations, and emergency preparedness.
- The dramatic emergence of an electronic Government has brought to the fore new records management issues that have implications far beyond our Government. Inspired by the challenges of electronic records, NARA is transforming itself from an agency that manages predominantly paper to a leader in electronic records management.
- Deterioration of both the holdings that NARA must keep for posterity and the facilities in which they are housed is a fact of life. We must address with a steady hand the never-ending challenge of maintaining and preserving our holdings—both paper and electronic—and our infrastructure—both physical facilities and information technology.

Our mission is to ensure that Government officials and the American public have ready access to essential evidence, and this mission puts us at the very heart of intergovernmental electronic communication challenges. After providing the 9/11 Commission with thousands of documents crucial to their work, we now maintain the Commission's web site and are processing all of the Commission's records for use by Government officials and eventually the public. In response to requests for documents related to Supreme Court Justice nominee John Roberts, we provided both public and congressional access to tens of thousands of documents from our holdings. By digitizing these documents and making them available online, we ensured the broadest possible access to these materials.

Whether publishing the emergency *Federal Register*, protecting the vital records assets of Federal agencies nationwide, serving America's veterans, meeting the challenges of electronic records, or displaying our nation's Charters of Freedom—the Declaration of Independence, the Constitution, and the Bill of Rights—to inspire the American public, NARA plays a critical role in keeping America safe, secure, and focused on our democratic ideals.

Following are just a few examples of the ways in which the Government and the public are relying on NARA to meet vital needs.

- The *Federal Register* must be published each business day, regardless of weather, terrorist attacks, or other emergencies that may close other Federal operations. Publication, even during emergencies, is critical because many of the actions that Executive departments and the President need to take require the legal authority that comes from publication in the *Federal Register*.
- NARA responds to more than 1 million requests a year for information from or copies of Official Military Personnel Files (OMPFs). Many of these requests

come from veterans, their families, or organizations working on behalf of veterans to verify their military service, apply for benefits, or research medical conditions. A veteran’s ability to obtain a job, housing, or medical care often depends on our ability to meet their information needs quickly.

- NARA protects the essential records of hundreds of Federal agencies and courts as well as the records of the Congress, the Supreme Court, and 13 Presidential administrations in 36 facilities nationwide. These records include everything from highly classified National Security Council policy memorandums to congressional committee records to architectural drawings of Federal facilities to satellite photographs of major cities to the tax returns of individual Americans. All of this information and more is saved for as long as needed because it is essential for the effective operations of our government, protecting the rights and entitlements of our citizens, understanding past decisions and informing future policy choices, holding appropriate officials accountable for their actions, and ensuring the safety and security of our country.
- Our greatest challenge is to ensure that valuable electronic records – from electronic OMPFs to geographic information systems to State Department cable files to transportation security databases – are managed and preserved *over time* so that key information is not lost in obsolescent hardware and software. To meet this challenge, NARA is developing the Electronic Records Archives (ERA), a revolutionary system that will capture electronic information, regardless of its format, save it permanently, and make it accessible on whatever hardware or software is currently in use.

Let us turn to the specific challenges NARA faces:

**Security.** We store more than 27 million cubic feet of Federal records in 36 facilities nationwide, and we have the vital responsibility to protect these records, the staff who care for them, and the public who visits our facilities to use them. To do this, we must be able to face multiple types of threats and have to plan for a variety of emergencies that may leave our facilities vulnerable or require us to provide shelter for staff and the public.

**NARA Holdings Summary**  
FY 2005

|                               | <b>Artifacts<br/>(in items)</b> | <b>Traditional<br/>Holdings<br/>(in cu. ft.)</b> | <b>Electronic<br/>Holdings<br/>(in LDR*)</b> |
|-------------------------------|---------------------------------|--|--|
| Washington, DC, Area Archives | 1,488                           | 2,245,648  | 8,073,084,411                                |
| Regional Archives             | 20                              | 677,352  | 0  |
| Records Centers               | 0                               | 24,646,060                                       | 0  |
| Presidential Libraries        | 542,056                         | 231,571  | 35,308,040                                   |
| Affiliated Archives           | 0                               | 12,425   | 0  |
| <b>TOTAL</b>                  | <b>543,564</b>                  | <b>27,813,056</b>                                | <b>8,108,392,451</b>                         |

\*LDR=Logical Data Records

Currently, NARA has a material weakness in collections security. We are responsible for the security of billions of records, and we do not have item-level control over our holdings – nor can we ever expect to. Because these records belong to the American people, however, they cannot simply be locked away in bombproof vaults. We have three primary challenges in this area:

- We must provide quality service to our customers while instituting reasonable internal controls to prevent theft. We must also maintain documentation to support the recovery of alienated holdings and subsequent prosecution of those who would steal records that belong to all Americans.

- We must take every reasonable measure possible to limit access to sensitive records and act expeditiously in coordinating efforts with appropriate law enforcement entities as warranted.
- We must protect and safeguard our facilities, the staff who work in our facilities, and the people who visit our facilities to mitigate the potential for damage and destruction through both natural and deliberately precipitated acts.
- Having an effective security posture requires that we take a big picture, holistic view of all our facilities and holdings. We are moving forward on the comprehensive plan to address our security weaknesses that we discussed in our Performance and Accountability Report last year.

**Facilities.** Our 36 facilities are our first line of defense for records preservation. Providing appropriate physical and environmental storage conditions is the most cost-effective means to ensure records preservation. We face an ongoing challenge, however, to ensure that all of our facilities meet necessary standards for the storage of Federal, and particularly archival, records. We also must ensure that other entities that store Federal records comply with existing facility standards. Our Strategic Plan includes several strategies for meeting our goal to preserve all records in an appropriate environment for use as long as needed. Our ability to meet our storage and preservation challenges will be a key factor in the future course of our agency.

Manuel Julio Leal, an American citizen, was stuck in the Dominican Republic in June 2005. He had traveled there without a U.S. passport or naturalization papers, so he was not allowed to return. Leal had been naturalized in 1969 in Illinois but could not remember where. So he called our Great Lakes regional archives in Chicago. NARA archivist Scott Forsythe tracked down Leal's naturalization papers at the Federal court in Peoria and arranged to have them faxed to the U.S. Embassy in Santo Domingo. With copies of his naturalization papers, Leal was able to return to his home in the United States.

**Information Technology.** An important key to serving our Government and public customers is having a reliable, expandable, high-capacity, cost-efficient information technology and communications infrastructure. For us to be able to use automation to streamline operations and achieve cost-efficiencies, to develop Internet-based applications for agency and public access to information, and to provide direct online access to electronic records and digital images, we must have a sound technical infrastructure. In fact, if our applications perform poorly, we may impede the work of other Federal agencies or the efforts of the public to document their rights and entitlements.

The rapid pace of technological change and innovation in today's environment does offer wide-ranging opportunities for improved information management. Information technology – particularly the World Wide Web – has become integral to providing government services and moving the Federal Government's immense stores of information and services out of the "back office," onto the Internet, and into the home and business sectors. As NARA moves to fully embrace e-Government and seize new technological opportunities, we must be able to quickly adapt to new technologies and leverage technical expertise to meet expectations for quality service.

**Human Resources.** The proliferation of technology has forever changed the nature of Federal recordkeeping. Most Federal records are now created electronically, and users increasingly expect immediate electronic access to them. Traditional paper documents are

being overtaken by databases, digital images, digital sound, e-mail with attachments, geographic information systems, web sites, and other electronic record formats. The challenges associated with acquiring, preserving, and making available these myriad electronic records are immense and can only be met through creativity, leadership, entrepreneurship, and a willingness to think beyond the conventional. The Federal Government is looking to NARA, as the nation's record keeper, to deliver these creative, entrepreneurial solutions.

We must respond to this call for leadership if we want to actively deliver value and innovation rather than simply react to the changes taking place around us. To do this, we must ensure that our staff has the skills and competencies needed to provide leadership in records services in the 21st century, and we must ensure that the systems and processes we use to acquire and manage our staff are efficient, streamlined, flexible, and appropriate for today's modern workforce.



*Thomas Hayes, archives aid in the Great Lakes regional archives in Chicago, instructs a researcher on the use of the 1900 census finding aid. (Photo by Mary Ann Zulevic)*

Our Strategic Plan commits us to hiring, developing, sustaining, and retaining staff according to the competencies needed to achieve our strategic goals. In addition, the President's Management Agenda and Human Capital Assessment and Accountability Framework instruct agencies to engage in serious consideration of the skills and competencies needed to perform the work of the Government in the 21st century, to align human resources to support mission-critical activities, and to streamline and enhance delivery of essential human resources services by leveraging technology and other process flexibilities.

Our future success as the Government's leader for records services will depend in large part on the staff that we hire today. We must ensure that we have the right people in the right positions at the right time to move the agency forward at this extraordinary time in our history.

**Personnel on Board**

All funds as of September 30, 2005

| Programs  | Washington, DC, Area |            |              | Field Locations |            |              | Nationwide Total |            |              |
|---|----------------------|------------|--------------|-----------------|------------|--------------|------------------|------------|--------------|
|   | Full-Time Perm       | Other      | Total        | Full-Time Perm  | Other      | Total        | Full-Time Perm   | Other      | Total        |
| Records Services  | 867                  | 126        | 993          | 0               | 0          | 0            | 867              | 126        | 993          |
| Regional Records Services                               | 88                   | 9          | 97           | 1,056           | 277        | 1,333        | 1,144            | 286        | 1,430        |
| Presidential Libraries                                  | 139                  | 8          | 147          | 281             | 74         | 355          | 420              | 82         | 502          |
| Information Security Oversight Office                   | 29                   | 0          | 29           | 0               | 0          | 0            | 29               | 0          | 29           |
| Federal Register  | 73                   | 1          | 74           | 0               | 0          | 0            | 73               | 1          | 74           |
| National Historical Publications and Records Commission | 13                   | 0          | 13           | 0               | 0          | 0            | 13               | 0          | 13           |
| <b>TOTAL</b>  | <b>1,209</b>         | <b>144</b> | <b>1,353</b> | <b>1,337</b>    | <b>351</b> | <b>1,688</b> | <b>2,546</b>     | <b>495</b> | <b>3,041</b> |

**Records Access.** The Federal Government protects hundreds of millions of classified documents at great expense. In this year's assessment of declassification in the Executive branch, the Information Security Oversight Office (ISOO) noted that the Federal Government's classification system "cannot be depended upon to protect today's sensitive national security information unless there is an ongoing process to purge it of yesterday's secrets that no longer require protection." This means undertaking automatic and systematic declassification, as well as mandatory declassification reviews, in accordance with Executive Order 12958, as amended. Nevertheless, declassification activity across the Government has been declining for the past several years.

In its most recent report to the President, ISOO noted an increase in both original classification and derivative classification decisions made by the Federal Government. The rise in classification can be attributed to a combination of factors, including a dramatic increase in the number of national security operations in recent years, the exponential increase in the Government's ability to produce information (both classified and unclassified) through the use of information technology, and likely overclassification. Government faces the perpetual challenge of balancing security concerns with the need to share information. Too much classification unnecessarily impedes effective information sharing. Too little classification subjects our nation to potential harm. Proactive oversight by an agency of its security classification program is not a luxury. Allowing information that will not cause damage to national security to remain in the classification system, or to enter the system in the first instance, places all classified information at needless increased risk.

Federal agencies have a deadline of December 31, 2009, to review and resolve (by declassifying or exempting) their equities in security-classified documents more than 25 years old that have been referred to them by other agencies. We estimate that there are approximately 80 million pages in NARA's holdings that must be acted on by the agencies before the 2009 deadline. Many of these documents must be reviewed by two or more agencies. We need to make these documents available to the agencies in a systematic fashion to enable them to accomplish their missions, protect permanently valuable Federal records, and prevent unauthorized releases of still sensitive information. Failure to establish a systematic process for handling referrals poses a significant risk for inadvertent release of still sensitive information. If agencies resolve referrals in an ad hoc manner, the Government loses control of the process. We will not be sure that all referred documents had been acted on because we will have no way of tracking agency actions. With no standard way of recording agency determinations, it is likely that we will make mistakes in interpreting agency decisions when records are processed for release. Without an organized referral process, it will be impossible to meet the deadline.

Therefore, in cooperation with other agencies, NARA has established an interagency referral center to provide a systematic approach to the referral process for Federal records. In our first year of operation we indexed approximately 1.5 million pages for referral, but the volume of work remaining is too great to be accomplished by the 2009 deadline without contract support.

Finally, classified records in our Presidential libraries pose a huge challenge for us because they are often extremely sensitive, filled with multiple equities, and highly sought after by Government officials and the public. The Reagan Library holds the next Presidential collection to which the Executive order must be applied and has classified holdings of approxi-

mately 8 million pages. This represents more classified pages than all of the previous libraries combined. Previously, we have implemented the Remote Archives Capture (RAC) Project, a collaborative program among NARA, CIA, and other classifying agencies through which classified Presidential materials at field locations are electronically scanned and sent to Washington for review by equity-holding agencies. So far this project has scanned more than 2 million pages from the Eisenhower, Kennedy, Johnson, Ford, and Carter Libraries, but the dramatic increase in volume of classified records from the Reagan administration presents significant challenges to our ability to comply with the Executive order.

***Electronic Records Management.*** In this world of exponentially increasing volumes and formats of electronic records, having the ability to find, manage, use, share, and dispose of records – which is the essence of records management – is vital for the efficient and effective functioning of the Federal Government. Records management is an essential component of knowledge management, and yet records and information are rarely managed as agency business assets and records management remains marginalized in many agencies. This undermines the authenticity, reliability, integrity, and usability of Federal records and information essential for Government business, particularly electronic Government and public use.

This Government-wide challenge requires collaborative, creative solutions with benefits that are obvious to Federal agencies. That is why we are undertaking a multipronged approach to improving electronic records management that relies on a suite of strategies, policies, standards, and tools that facilitate the effective and efficient management of Federal records. Ultimately, records management should become so seamlessly integrated into agencies' business processes that it becomes "second nature"; what they would notice instead is that they can easily find the information they need, when they need it, in a form they can use to conduct their business. Getting to this outcome requires that we both transform our own records management program and transform records management across the Government. Given the urgent need to improve delivery of Government services, enable the sharing of information across agencies, and manage records and transactions more effectively, we could not wait to undertake these transformations sequentially. Therefore, we are leading collaborative projects in the following areas to address both of these transformations simultaneously.

- Records Management Initiatives – a series of coordinated NARA initiatives to transform NARA's approach to Federal records management for all records.
- E-Government Initiatives – these include the ongoing Electronic Records Management E-Government Initiative and initiatives to implement the Interagency Committee on Government Information (ICGI) recommendations for section 207(e) of the E-Government Act of 2002.
- Electronic Records Archives – the key tool that will allow NARA and Federal agencies to manage, preserve, and have access to electronic records over space and time.

We are also committed to working with our Inspector General (IG) to identify and address significant challenges. The Inspector General's Top Ten Management Challenges, which are highlighted in the IG's semiannual reports to Congress and include the audits, investigations, and reviews they have undertaken to identify and address them, are included in appendix A.

## Performance Highlights

### *Spotlight on Education*

#### **Hands-On History Lets Learners Touch the Past**

*Tell me, I forget.*

*Show me, I remember.*

*Involve me, I understand.*

It is August 1948. President Harry S. Truman and the United States face a serious international crisis: In an act of high-stakes brinkmanship, the Soviet Union has sealed off the western sectors of Berlin. Winter is approaching, and more than 2 million Germans are cut off from the basic necessities of life. You are one of the President's closest advisers. What advice do you offer him?

Fast forward to 2005. Midwestern students relive this and other historical crises in the White House Decision Center (WHDC) at the Truman Library and Museum in Independence, MO. Since the center's opening in 2001, more than 18,000 youngsters from rural, suburban, and urban schools have participated in its unique program of experiential learning.

The center resembles the West Wing of the White House, complete with briefing rooms, a press room, Presidential portraits, and even wainscoting. In this realistic environment, participants assume the roles of President Truman and his advisers, including the Secretary of State, the Secretary of Defense, the Director of Central Intelligence, and the press secretary. They read copies of actual historical documents – many once marked “top secret.” They work together in advisory teams; analyze options; and supply the President with facts, recommendations, and assessments. Students also lead and participate in a press briefing, and one student, portraying the President, announces a course of action and fields penetrating questions from the media.



*High school students take the roles of Presidential advisers in the Truman Library's White House Decision Center.  
(Photo by Tom Heuertz)*

Along the way, students learn about history, government, and the Presidency. They develop and apply skills in document analysis, problem solving, cooperation, communication, and leadership. And perhaps most important, they come to see history as vivid, compelling, and engaging – not just a matter of memorizing facts from a textbook.

“The WHDC provided my students with ‘hands-on’ history,” observed one Missouri teacher. “The past became the present—an interactive drama as my freshmen lived the push and pull of conflicting opinions within the halls of power, wrestled with the burden of the Presidency, and dealt with the power of the press.”

Students tend to put it more succinctly. As one high-school senior said, “It just takes learning out of the books and puts it in your face—and I love it.”

Historical documents and other primary sources have an uncanny power to capture the attention of even the most reluctant learner. Primary sources are materials that were created by those who participated in or witnessed the events of the past, and they bring the past to life with an immediacy that textbooks cannot match. Studies have shown that when students work with primary sources, they learn more and their critical thinking skills improve. It’s no wonder that primary sources are specifically identified in a number of places in the National Standards for History.

NARA’s enormous holdings of primary source materials constitute the greatest single resource for transforming the study of history and civics into a first-person experience. At its facilities across the country, through publications, workshops, and a variety of other programs, NARA puts primary sources into the hands of students and teachers, and it trains teachers in the skills they need to incorporate these materials into their lessons.

Early in his tenure as ninth Archivist of the United States, Allen Weinstein asked staff to prepare a report outlining the education and outreach efforts of the National Archives. The result was a 22-page, single-spaced document listing programs and activities in the Presidential libraries, regional archives, and Washington, DC-area facilities. “I was amazed at how much we were doing,” observed Weinstein. “And that report wasn’t even comprehensive.”



These efforts go back many years. In 1977 NARA began publishing its “Teaching With Documents” feature in *Social Education*, the journal of the National Council for the Social Studies, the nation’s largest professional association for social studies teachers. Each “Teaching With Documents” article examines a historical record from the National Archives and guides teachers in using the record in the classroom. More than 140 such articles have now been published, exploring the use of letters, reports, forms, photographs, patent drawings, and other records as teaching tools.

Also for many years, NARA has conducted the Primarily Teaching summer institute for educators. The workshop brings teachers from around the country and from many types of communities and schools to NARA's Washington, DC, headquarters. Under the guidance of NARA education experts, each participant selects a specific topic, researches the topic in the records of the National Archives, and develops a teaching unit to take back to the classroom. The institute turns the teachers into learners, exposing them to the excitement of hands-on investigation, analysis, and discovery – an experience they will then be able to provide to their own students.

One teacher explained that the Primarily Teaching program had “opened up a new vista” for him. “I remember on the first day of the course being handed a copy of Richard Nixon's resignation letter,” he said. “History jumped out at me from that page, and I knew that if I had access to materials such as this, it would prove to be a gold mine in the classroom.”

This gold mine is about to go on the road. In response to the success of and enthusiasm for Primarily Teaching, NARA has started planning to make the institute available in other parts of the country. In 2006, pilot programs will take place at NARA's regional archives in Laguna Niguel, CA, and at the Eisenhower Library and Museum, in Abilene, KS.

Each of NARA's regional archives, Presidential libraries, and Washington-area facilities is its own gold mine of materials, and, from coast to coast, NARA units make these materials available to students and teachers. They develop printed and electronic publications that highlight the records held in their facilities, provide copies of the records, train teachers in methods for incorporating the records into their lessons, and demonstrate how the lessons relate to specific state and national standards.

Across the country, NARA units also collaborate with other educational institutions to make the excitement of primary sources available to teachers and students. NARA's education office in Washington, its regional archives, and its Presidential libraries all work extensively with recipients of Teaching American History Grants. These grants, sponsored by the U.S. Department of Education and awarded to local educational agencies, are intended to raise student achievement by improving teachers' knowledge, understanding, and appreciation of American history. Through on-site workshops and videoconferences, NARA staff provide professional development opportunities for teachers, training them in archival research techniques and in the use of primary sources in the classroom.

Staff across the country also are involved in National History Day, a year-long educational program that engages students in the discovery and interpretation of history. Through this program, students conduct research and create projects related to an annual theme; their projects are judged at the local, state, and national levels. NARA staff provide workshops for teachers,



*Three Philadelphia students proudly show off their National History Day entry at the National Constitution Center. (Photo courtesy of the City of Philadelphia Department of Records)*

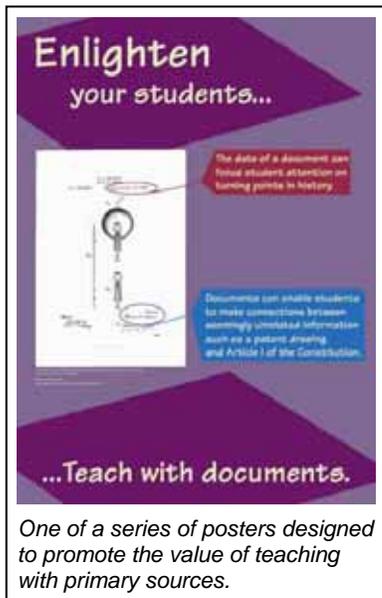
contribute lesson plans to an annual teachers' guide, help students do archival research, serve as judges for local and state contests, and even host contests. The Eisenhower Library has been hosting the Kansas state finals for 23 years.

In 2005, thanks to the efforts of NARA's Mid Atlantic Region, the National History Day program returned to Philadelphia after a lengthy absence. Regional staff organized and led a collaborative effort of local educational, cultural, and community organizations that re-established the program in the city and provided teachers, students, and parents with the resources and guidance necessary to participate. On April 21, in the National Constitution Center, National History Day competition took place in Philadelphia for the first time in almost two decades.

A Philadelphia-area middle school principal was stunned by the impact that the program had on his students—and in particular on one youngster who had previously been unmotivated by his studies. "With this young man," said the principal, "the 'light bulb' clicked when he participated in National History Day. I never saw him so engaged and focused." The young man won a first-place ribbon for his National History Day project—and has decided that he wants to go to college, a goal to which he had not previously aspired. The principal has decided to add more social studies teachers to his faculty. And NARA has started working with other organizations to revitalize the National History Day program in another major city: Washington, DC.

In a sense, education permeates everything that NARA does. NARA preserves the records of America, enabling all citizens to learn about their nation's history, their families' stories, and their own rights and entitlements. Every time a NARA unit helps a researcher, holds a genealogy workshop, offers a public lecture, or opens a new exhibit, learning takes place. One of the most exciting learning opportunities of the past year was provided by the opening of the Public Vaults, NARA's new permanent interactive exhibit in the National Archives Building in Washington, DC. The exhibit gives people of all ages the feeling of going into the stacks and vaults of the National Archives to see the

raw material from which history is made. Several of the displays in the Public Vaults are geared especially for young people. And virtually all of the materials in the Public Vaults can bring history alive in the classroom.



That's why, when NARA's Learning Center opens next year in the same building, it will provide access to copies of each of the more than 1,000 records on display in the Public Vaults—and much more. The center's ReSource Room will be the one-stop headquarters for teachers and parents seeking ways to bring history alive for their students and children. Everything NARA's education specialists have written over the decades about teaching with primary sources—whether based in Washington, DC, or in the regional archives and Presidential libraries—will be gathered here. Included will be background materials, lesson plans, teachers guides, and, of course, copies of historical documents and other records. The Learning Center will

also include the Learning Lab, which will provide a hands-on role-playing experience in which students will take on the roles of researchers and archivists.

Other experiential programs are in development across the agency. For example, the Eisenhower Library is about to formally launch its Five-Star Leaders program, in which students will take on the roles of top Allied political and military leaders, analyze documents relating to the Allied invasion of Hitler's Europe, and provide formal briefings, with recommendations, to Supreme Headquarters, Allied Expeditionary Forces. All of these programs will invite students to make direct, immediate contact with events of the past.

Lee Ann Potter, head of NARA's education programs in Washington, likes to tell of finding her own great-great grandfather's homestead application among the billions of documents held by the National Archives – and of her husband's response. She recalls, "His amazement at the tri-folded, 8-page, yellowing document from 1872 prompted him to say, 'I can't believe it was actually his. I can't believe it is here. And I can't believe they are letting you touch it.'"

Those reactions encapsulate perhaps the three most important reasons for teaching history with primary sources: They are a part of the past. They are with us today. And touching them allows us, quite literally, to touch the past and connect with it.

*To find out more . . .*

- *The Digital Classroom*, the National Archives gateway for resources about primary sources as well as activities and training for educators and students, can be accessed at [www.archives.gov/education/](http://www.archives.gov/education/).
- Explore *Our Documents*, 100 milestone documents of American history, at [www.ourdocuments.gov/](http://www.ourdocuments.gov/).
- For links to education-related pages hosted by the Presidential libraries, visit [www.archives.gov/education/presidential-libraries.html](http://www.archives.gov/education/presidential-libraries.html).
- For links to education resources available in the regional archives, go to [www.archives.gov/education/regional-resources.html](http://www.archives.gov/education/regional-resources.html).
- For information on the Truman Library's White House Decision Center, go to [www.trumanlibrary.org/whdc/](http://www.trumanlibrary.org/whdc/).
- For information on the National History Day event in Philadelphia coordinated by the Mid Atlantic Region, go to [www.archives.gov/midatlantic/education/nhd.html](http://www.archives.gov/midatlantic/education/nhd.html).

### ***Spotlight on Partnerships***

Although the National Archives and Records Administration stands as the sole Federal agency charged with preserving and making accessible the Government's records, we are not alone in carrying out our mission.

In providing "ready access to essential evidence" – the records that document the rights of our citizens, the decisions of our Government officials, and our national experience – we draw assistance and support from a wide variety of private institutions, other Government agencies, and individuals:

- At the National Archives Building in Washington, D.C., visitors who come to see the parchment documents that created America find much more. A privately supported, state-of-the-art exhibition called the Public Vaults traces the story of our nation through a unique display of 1,100 records from deep within NARA's stacks.
- At major universities, private research firms, and other Federal agencies, NARA has been working with experts in information technology and computer science. They've been developing ways to preserve for all time the digital records of our government in the Electronic Records Archives.
- In every section of the country, staff at our regional archives and Presidential libraries have nurtured strong and enduring relationships with local cultural, educational, and genealogical groups. Our partners enjoy access to the records of our rich history, and we find new audiences for discovering the nation's story through primary sources.

These collaborations – and the benefits they bring to all Americans – are possible because of our strong and vibrant network of public-private partnerships, collaborations, and joint ventures.

Over the years, these arrangements – some formal, some informal – have become part of the fabric of NARA at all levels. They have been developed by the agency as a whole, various units within NARA, and individual staff members who have introduced the National Archives to new audiences through professional and personal ties with community organiza-



*The Public Vaults exhibition opened at the National Archives Building in November 2004. (Photo by Earl McDonald)*

tions, schools, and genealogy groups.

By partnering with others, our reach and our impact are much greater. In Washington, we work closely with the Foundation for the National Archives, created in 1992 to support and develop interest in our programs and our vast resources.

As a result of the Foundation's work over the past several years, the National Archives has received millions of dollars from private donors to help finance all or part of elements of the National Archives Experience, a set of seven interconnected components that offer a variety of ways to explore the nation's records and uncover the stories they tell.

These components include the William G. McGowan Theater, the Lawrence F. O'Brien Gallery, the Public Vaults, the Learning Center, and the National Archives Experience portion of NARA's public web site, *Archives.gov*. The Foundation also operates the popular Archives Shop in the National Archives Building, which features a wide variety of National Archives-branded merchandise.

The Foundation's partners and supporters have included the William G. McGowan Charitable Fund, the family of Lawrence F. O'Brien, Dell Inc., Maryland philanthropists Willard Hackerman and Alan Voorhees, and the New York Life Foundation. The Foundation has also partnered on individual projects with U.S. News & World Report and Smith Barney.

At the McGowan Theater, we have, along with the family of the late Charles Guggenheim, established the Charles Guggenheim Center for the Documentary Film at the



*On September 8, 2005, Thomas Campbell, Contracting Officer for ERA (seated at left), and Don Antonucci, President of Lockheed Martin Transportation and Security Solutions (TSS), signed the contract under which Lockheed Martin will build the ERA system. Behind them are (from left) L. Reynolds Cahoon, Assistant Archivist for Information Services; Kenneth Thibodeau, Director of the ERA Program; Allen Weinstein, Archivist of the United States; Lewis Bellardo, Deputy Archivist; Judy Marks, who will succeed Antonucci as president of the TSS unit in October; and Andy Patrichuk, Lockheed Martin's vice president responsible for the ERA program. (Photo by Earl McDonald)*

National Archives. An agreement with the Academy of Motion Picture Arts and Sciences makes us the Mid-Atlantic venue for the Academy's documentary film Oscar nominees and other special events.

One of the strategic challenges now facing the National Archives is how to preserve and make accessible for years, decades, even centuries, the electronic records of what we call e-Government.

The response to this challenge is the Electronic Records Archives (ERA). It is fundamental to e-Government in that it will allow these records to be managed and preserved over time and space. The stakes are high, and failure is not an option.

To help us create ERA, we formed working partnerships with those

institutions on the frontier of research to learn how best to preserve information in electronic format long after the hardware and software that created it are out of use.

The collaborations on ERA have allowed us to tap the knowledge and abilities of world-class researchers in such prominent institutions as the Supercomputer Center at the University of California at San Diego, the Massachusetts Institute of Technology, the National Center for Supercomputing Applications at the University of Illinois, the Georgia Tech Research Institute, and the University of Maryland Institute for Advanced Computer Studies. We're also working with other Federal agencies, such as the National Science Foundation, the Army Research Laboratory, and the National Institute for Standards and Technology. Other partners include industry groups and international organizations that face similar challenges. These partnerships have allowed us to gain far more technical insights and information than we could have on our own.

With the awarding of the contract for ERA to Lockheed Martin Corp. in September 2005, we also appointed an advisory committee on the Electronic Records Archives. It is made up of experts in computer science, information technology, archival science, records management, information science, law, history, genealogy, and education.

NARA has taken a leadership role in partnering with professional organizations dealing with records and archives on a program called "New Skills for Archivists," which seeks to identify the skills needed in the new world of electronic records.

While the National Archives Experience and the Electronic Records Archives involve two of our best-known partnerships, they represent only a portion of our network of collaborations and partnerships. Throughout the agency, at all levels, other partnerships serve to advance NARA programs and services and to bring NARA to new audiences, new stakeholders, and new customers.

This is happening not only in Washington, DC, but in our regional archives and Presidential libraries. At each of the libraries, a nonprofit foundation supports a broad spectrum of innovative and insightful public, education, and information programs so that young and old alike can learn about history from the documents and the artifacts that were the backdrop of history as it was being made.

For five years, NARA has partnered with Howard University in Washington, DC, to significantly enhance access to one of the most valuable sources of African American genealogical information: the records of the Bureau of Refugees, Freedmen, and Abandoned Lands. While NARA microfilms the records, Howard, with a grant from the Peck Stacpoole Foundation, is preparing the indexes. The project is to be completed in fiscal year 2006. Earlier, the University of Florida assisted NARA in putting



*Freedmen's Bureau records in the stacks of the National Archives Building in Washington, DC. The microfilmed versions will allow researchers greater access to the records while protecting the fragile originals. (Photo by Roscoe George)*

the Florida records on microfilm.

NARA and the Library of Congress collaborate on a number of projects aimed at improving the preservation and storage of documents and artifacts. In FY 2005, the two agencies began discussions on expanding their research relationship to create a Joint Preservation Research Agenda, which will broaden their knowledge of methods to conserve and preserve valuable records and artifacts.

In our role as “First Preserver,” NARA has joined with professional archival and records management organizations to provide assistance in preserving and conserving damaged records in hurricane-battered Gulf Coast states. On its own, NARA has partnered with the Federal Emergency Management Agency on records recovery activities in New Orleans. We have also partnered with the State of Mississippi to provide training for individuals working on records recovery and with the Federal Bureau of Investigation for training and technical guidance.

In late 2004, NARA partnered with U.S. News & World Report and Smith Barney to sponsor the inaugural exhibit in the Lawrence F. O’Brien Gallery. A collection of Presidential photographs, called “The American Presidency: Photographic Treasures of the National Archives” featured images of the private moments of America’s most public person.

Our Southeast regional archives in Atlanta, along with the Carter and Johnson Libraries and the Martin Luther King, Jr., National Historic Site and others, co-sponsored a special exhibition in 2005 to commemorate the 40th anniversary of the enactment of the Voting Rights Act of 1965.

NARA’s Pacific Region in San Francisco has partnered with the University of California at Berkeley to produce a web site called “Case Files for Early Immigrants to San Francisco and Hawaii,” a trove of information for Asian American genealogy. The web site is supported by the university.

Our Center for Legislative Archives is one of many partners involved in the new Capitol Visitor Center, a 580,000-square-foot addition beneath the Capitol’s east plaza. A 16,500-square-foot exhibit gallery will feature original House and Senate records preserved at the Center, other historical records from NARA, and documents from the Library of Congress. NARA will gain a new audience in the millions of visitors to the Capitol each year.

For five years, NARA worked with Middlemarch Films, NOVA/WGBH in Boston, and the Public Broadcasting Service to produce a film, *Preserving the Charters of Freedom*, that is now shown twice daily in the McGowan Theater. The film traces the story of how the Declaration of Independence, the Constitution, and the Bill of Rights were taken out of their old encasements, given conservation treatment, and placed in new state-of-the-art encasements during the renovation of the Rotunda.



*Stuart Culy (right), archival director for NARA–Northeast Region (Boston), gives a tour to teachers in the “Using Historical Documents” program. (Photo by Michael Moore)*

Throughout NARA—in Washington, the regional archives, and the Presidential libraries—staff members work with elementary and secondary schools and colleges and universities as well as individual teachers and students to bring our holdings into the nation's classrooms. These efforts include work with Teaching American History grants and the National History Day competitions at local, state, and national levels.

Several of our Presidential libraries—Kennedy, Ford, Johnson, Clinton, and Bush—are located on, adjacent to, or near university campuses and are valuable resources for graduate and undergraduate students studying American history or public policy.

The Eisenhower Library in Abilene, KS, has a formal arrangement with Kansas State University's Institute for Military History and 20th Century American Studies in Manhattan, KS, and the Army's Command and General Staff College at Fort Leavenworth, KS. The library helps host major conferences and serves as a rich resource and a portal to NARA for the university's online doctoral program in military history.

Many other partnerships take the form of loans of documents. For example, NARA has recently loaned Louisiana Purchase documents to various institutions to commemorate the 200th anniversary of the treaty. The National Museum of the American Indian has borrowed various Indian treaties and documents. NARA loaned the Library of Congress a variety of documents, including President Harry S. Truman's recognition of the State of Israel, for its exhibit "From Haven to Home," which commemorated 350 years of Jewish life in America.

Around the nation, our regional archives work with various groups, especially genealogy organizations, to familiarize them with the records NARA holds and how best to access and research them. Our Presidential libraries are often the site of symposia, celebrations, or special events co-sponsored with their affiliated institute or foundation or with other organizations or institutions.

Today, NARA is rich in partnerships, collaborations, joint projects, document loans, and other arrangements with other public and private institutions that allow us to do things that we simply could not do otherwise.

By bringing America's records to new audiences, these partnerships help us broaden our reach and our ability to share the primary sources of America's story with Americans.

*To find out more . . .*

- To learn more about the Foundation for the National Archives and the National Archives Experience, go to [www.archives.gov/national-archives-experience/support/](http://www.archives.gov/national-archives-experience/support/).
- For information on Presidential library support organizations, visit [www.archives.gov/presidential-libraries/about/foundations.html](http://www.archives.gov/presidential-libraries/about/foundations.html).
- For links to partnerships related to the Electronic Records Archives, go to [www.archives.gov/era/partnerships/](http://www.archives.gov/era/partnerships/).
- To learn more about the Freedmen's Bureau project and African American genealogy, go to [www.archives.gov/research/african-americans/](http://www.archives.gov/research/african-americans/).

**National Archives and Records Administration**  
**Performance and Accountability Report, FY 2005**

**Using the National Archives and Records Administration**  
**FY 2005**

|  | Researchers<br>Microfilm | Researchers<br>Other<br>Records | Written<br>Requests | Public<br>Program<br>Attendees | Museum<br>Visitors |
|--|--------------------------|---------------------------------|---------------------|--------------------------------|--------------------|
| <b>Washington, DC, Area</b>                | <b>26,109</b>            | <b>65,803</b>                   | <b>38,173</b>       | <b>2,152</b>                   | <b>1,003,006</b>   |
| <b>Office of Regional Records Services</b> |                          |                                 |                     |                                |                    |
| Northeast Region (Boston)                  | 7,469                    | 943                             | 2,258               | 1,339                          | —                  |
| Northeast Region (Pittsfield)              | 2,853                    | —                               | 933                 | 655                            | —                  |
| Northeast Region (New York)                | 5,921                    | 1,681                           | 4,450               | 674                            | —                  |
| Mid Atlantic Region (Philadelphia)         | 6,648                    | 342                             | 1,266               | 513                            | —                  |
| Southeast Region (Atlanta)                 | 4,253                    | 523                             | 2,167               | 137                            | —                  |
| Great Lakes Region (Chicago)               | 2,934                    | 404                             | 3,614               | 162                            | —                  |
| Great Lakes Region (Dayton)                | —                        | —                               | —                   | 82                             | —                  |
| Central Plains Region (Kansas City)        | 2,531                    | 497                             | 2,199               | 751                            | —                  |
| Southwest Region (Fort Worth)              | 4,333                    | 1,087                           | 3,419               | 402                            | —                  |
| Rocky Mountain Region (Denver)             | 3,312                    | 925                             | 437                 | 609                            | —                  |
| Pacific Region (Laguna Niguel)             | 4,178                    | 603                             | 1,474               | 432                            | —                  |
| Pacific Region (San Bruno)                 | 3,479                    | 1,239                           | 2,797               | 373                            | —                  |
| Pacific Region (Anchorage)                 | 1,565                    | 465                             | 413                 | —                              | —                  |
| Pacific Alaska Region (Seattle)            | 4,883                    | 940                             | 1,503               | 1,038                          | —                  |
| National Personnel Records Center          | —                        | 74                              | 1,024,569           | —                              | —                  |
| <b>Regional Records Services Total</b>     | <b>54,359</b>            | <b>9,723</b>                    | <b>1,051,499</b>    | <b>7,167</b>                   | <b>—</b>           |
| <b>Presidential Libraries</b>              |                          |                                 |                     |                                |                    |
| Hoover                                     | —                        | 324                             | 1,351               | 33,163                         | 55,564             |
| Roosevelt                                  | —                        | 1,439                           | 2,949               | 14,961                         | 106,194            |
| Truman                                     | —                        | 830                             | 2,462               | 5,282                          | 94,540             |
| Eisenhower                                 | 13                       | 1,222                           | 3,523               | 11,735                         | 69,980             |
| Kennedy                                    | —                        | 1,314                           | 3,037               | 45,732                         | 187,354            |
| Johnson                                    | —                        | 1,515                           | 2,871               | 6,263                          | 224,078            |
| Nixon                                      | —                        | 1,600                           | 2,005               | 600                            | —                  |
| Ford                                       | —                        | 1,033                           | 2,028               | 19,458                         | 48,336             |
| Carter                                     | —                        | 723                             | 1,092               | 176                            | 76,515             |
| Reagan                                     | —                        | 848                             | 601                 | 50,122                         | 297,465            |
| Bush                                       | —                        | 279                             | 1,295               | 20,975                         | 132,327            |
| Clinton                                    | —                        | 33                              | 2,733               | 27,508                         | 447,788            |
| <b>Presidential Libraries Total</b>        | <b>13</b>                | <b>11,160</b>                   | <b>25,947</b>       | <b>235,975</b>                 | <b>1,740,141</b>   |
| <b>TOTAL</b>                               | <b>80,481</b>            | <b>86,686</b>                   | <b>1,115,619</b>    | <b>245,294</b>                 | <b>2,743,147</b>   |



*Jung and his mother. (Records of the Immigration and Naturalization Service, RG 85)*

Shang She Jung, 67, of Port Chester, NY, was unable to obtain Social Security benefits because he couldn't prove his citizenship. He had come to the United States in 1947 as a child from China, but in the 1950s he was separated from abusive parents, without a birth certificate, passport, or any other kind of documentation. Our Northeast regional archives in New York City referred him to our Pacific Region in San Francisco. There, Bill Greene, an archival immigration files expert, matched Jung with his family's original immigration case file and a directive that he be admitted "as a U.S. citizen." The *New York Times* told Jung's story in a 2004 article called "A Man Without a Country Finds One After 57 Years."

## Performance Overview

We break down our five strategic goals into long-range performance targets and set annual targets in our Annual Performance Plan each year. The following chart provides a synopsis of our FY 2005 performance. Details of some of this year's major accomplishments under each strategic goal follow the chart.

### Snapshot of 2005 Performance

| <b>Strategic Goal 1: Essential Evidence Is Created, Identified, Appropriately Scheduled, and Managed for as Long as Needed.</b>  |                    |                    |                    |                    |                    |                    |
|--|--------------------|--------------------|--------------------|--------------------|--------------------|--------------------|
| 1.1: By 2008, 95% of agencies view their records management program as a positive tool for asset and risk management.  |                    |                    |                    |                    |                    |                    |
| 1.2: By 2008, 95% of approved capital asset plans have approved records schedules by the time those systems begin creating records.  |                    |                    |                    |                    |                    |                    |
| 1.3: By 2008, 95% of customers are satisfied with NARA scheduling and appraisal services.  |                    |                    |                    |                    |                    |                    |
| <b>Performance Indicator</b>   | <b>2001 Actual</b> | <b>2002 Actual</b> | <b>2003 Actual</b> | <b>2004 Actual</b> | <b>2005 Target</b> | <b>2005 Actual</b> |
| Annual percent of targeted assistance partnership agreements delivering the results promised.  | 100                | 100                | 100                | 100                | 95                 | 100                |
| Median time for records schedule items completed (in calendar days).   | 237                | 470                | 155                | 253                | 200                | 372                |
| <b>Strategic Goal 2: Electronic Records Are Controlled, Preserved, and Made Accessible for as Long as Needed.</b>  |                    |                    |                    |                    |                    |                    |
| 2.1: By 2008, NARA's Records Center Program accepts and services electronic records.   |                    |                    |                    |                    |                    |                    |
| 2.2: By 2008, 80% of scheduled archival electronic records are accessioned by NARA at the scheduled time.  |                    |                    |                    |                    |                    |                    |
| 2.3: By 2008, 80% of archival electronic records are managed at the appropriate level of service.  |                    |                    |                    |                    |                    |                    |
| 2.4: By 2008, the median time from the transfer of archival electronic records to NARA until they are available for access is 35 days or less.   |                    |                    |                    |                    |                    |                    |
| 2.5: By 2008, the per-megabyte cost for managing archival electronic records through the Electronic Records Archives decreases each year.  |                    |                    |                    |                    |                    |                    |
| <b>Performance Indicator</b>   | <b>2001 Actual</b> | <b>2002 Actual</b> | <b>2003 Actual</b> | <b>2004 Actual</b> | <b>2005 Target</b> | <b>2005 Actual</b> |
| Percent increase in number of archival electronic holdings accessible online.  | —                  | —                  | —                  | 51                 | 20                 | 20                 |
| Median time from the transfer of archival electronic records to NARA until they are available for access (in calendar days).   | —                  | —                  | 450                | 736                | 250                | 413                |
| Percent of NARA's electronic holdings stabilized in preparation for their transfer to the Electronic Records Archives.   | 97                 | 98                 | 97                 | 93                 | 80                 | 99.7               |
| <b>Strategic Goal 3: Essential Evidence Is Easy to Access Regardless of Where It Is or Where Users Are for as Long as Needed.</b>  |                    |                    |                    |                    |                    |                    |
| 3.1: By 2007, access to records and services and customer satisfaction levels meet or exceed NARA's published standards.   |                    |                    |                    |                    |                    |                    |
| 3.2: By 2007, 70% of NARA services are available online.   |                    |                    |                    |                    |                    |                    |
| 3.3: By 2008, 80% of NARA archival holdings are described in an online catalog.  |                    |                    |                    |                    |                    |                    |
| 3.4: By 2007, Government-wide holdings of 25-year-old or older records are declassified, properly exempted, or appropriately referred under the provisions of Executive Order 12958, as amended, through a series of ISOO-led interagency efforts. |                    |                    |                    |                    |                    |                    |
| 3.5: By 2007, NARA archival holdings of 25-year-old or older records are declassified, properly exempted, or appropriately referred under the provisions of Executive Order 12958, as amended.   |                    |                    |                    |                    |                    |                    |
| 3.6: By 2007, 10% of records of a two-term President or 15% of records for a one-term President are open and available for research at the end of the 5-year post-Presidential period specified in the Presidential Records Act.                   |                    |                    |                    |                    |                    |                    |
| 3.7: By 2007, 90% of all NHPRC-assisted projects produce results promised in approved grant applications.  |                    |                    |                    |                    |                    |                    |
| <b>Performance Indicator</b>   | <b>2001 Actual</b> | <b>2002 Actual</b> | <b>2003 Actual</b> | <b>2004 Actual</b> | <b>2005 Target</b> | <b>2005 Actual</b> |
| Percent of written requests answered within 10 working days.   | 93                 | 93                 | 94                 | 95                 | 95                 | 96                 |
| Percent of Freedom of Information Act requests for   | 27                 | 76                 | 61                 | 65                 | 90                 | 80                 |

**National Archives and Records Administration**  
**Performance and Accountability Report, FY 2005**

| <b>Performance Indicator</b>  | <b>2001 Actual</b> | <b>2002 Actual</b> | <b>2003 Actual</b> | <b>2004 Actual</b> | <b>2005 Target</b> | <b>2005 Actual</b> |
|---|--------------------|--------------------|--------------------|--------------------|--------------------|--------------------|
| Federal records completed within 20 working days.   |                    |                    |                    |                    |                    |                    |
| Percent of requests for military service separation records at the National Personnel Records Center in St. Louis answered within 10 working days.  | 7                  | 40                 | 37                 | 75                 | 95                 | 88                 |
| Percent of items requested in our research rooms furnished within one hour of request or scheduled pull time.   | 93                 | 94                 | 96                 | 98                 | 95                 | 98                 |
| Percent of customers with appointments for whom records are waiting at the appointed time.  | 99.7               | 99.8               | 99.9               | 99.3               | 99                 | 99.4               |
| Percent of Federal agency reference requests in Federal records centers that are ready when promised to the customer.   | 93                 | 92                 | 94                 | 96                 | 95                 | 97                 |
| Percent of records center shipments to Federal agencies that are the records they requested.  | 99.99              | 99.99              | 99.99              | 99.99              | 99                 | 99.99              |
| Percent of archival fixed-fee reproduction orders that are completed in 35 working days or less.  | –                  | 88                 | 99                 | 99.9               | 80                 | 97.2               |
| Percent of education programs, workshops, and training courses meeting attendees' expectations.   | 97                 | 96                 | 95                 | 99                 | 95                 | 99                 |
| Percent of NARA services available online.  | 24                 | 25                 | 30                 | 40                 | 50                 | 50                 |
| Percent of traditional holdings in an online catalog.   | –                  | 19                 | 20                 | 33                 | 40                 | 42                 |
| Percent of artifact holdings in an online catalog.  | –                  | 19                 | 17                 | 40                 | 40                 | 43                 |
| Percent of electronic holdings in an online catalog.  | –                  | 0.02               | 0.02               | 10                 | 10                 | 31                 |
| Annual number of Presidential pages scanned (in thousands).   | 322                | 332                | 470                | 500                | 300                | 563                |
| Cumulative percent of Clinton Presidential and Vice Presidential traditional holdings processed for opening January 20, 2006.   | 1                  | 1                  | 1                  | 2                  | 5                  | 3                  |
| Percent of NHPRC grant-funded projects that produced results promised in grant applications.  | 91                 | 79                 | 86                 | 88                 | 87                 | 85                 |
| <b>Strategic Goal 4: All Records Are Preserved in an Appropriate Environment for Use as Long as Needed</b>  |                    |                    |                    |                    |                    |                    |
| 4.1: By 2009, 100% of NARA's archival holdings are in appropriate space.<br>4.2: By 2009, 100% of NARA records centers comply with the October 2009 regulatory storage standards.<br>4.3: By 2007, 50% of NARA's at-risk archival holdings are appropriately treated or housed so as to retard further deterioration.   |                    |                    |                    |                    |                    |                    |
| <b>Performance Indicator</b>  | <b>2001 Actual</b> | <b>2002 Actual</b> | <b>2003 Actual</b> | <b>2004 Actual</b> | <b>2005 Target</b> | <b>2005 Actual</b> |
| Cost of archival storage space per cubic feet of traditional holdings stored.   | –                  | –                  | –                  | \$6.11             | –                  | \$6.48             |
| Percent of cumulative backlog of NARA's at-risk archival holdings ever treated.   | 28                 | 32                 | 35                 | 41                 | 43                 | 47                 |
| <b>Strategic Goal 5: NARA Strategically Manages and Aligns Staff, Technology, and Processes to Achieve Our Mission.</b>   |                    |                    |                    |                    |                    |                    |
| 5.1: By 2008, the average time a leadership position remains unfilled is 30 days or less.<br>5.2: By 2007, the percentages of NARA employees in underrepresented groups match their respective availability levels in the Civilian Labor Force.<br>5.3: By 2007, NARA accepts 100% of the validated legal documents submitted electronically for publication in the <i>Federal Register</i> .<br>5.4: By 2008, all public network applications are available 99.9% of the time. |                    |                    |                    |                    |                    |                    |
| <b>Performance Indicator</b>  | <b>2001 Actual</b> | <b>2002 Actual</b> | <b>2003 Actual</b> | <b>2004 Actual</b> | <b>2005 Target</b> | <b>2005 Actual</b> |
| Percent of staff having performance plans linked to strategic outcomes.   | 48                 | 80                 | 93                 | 91                 | 95                 | 92                 |
| Percent of staff having staff development plans linked to strategic outcomes.   | –                  | 1                  | 91                 | 52                 | 95                 | 78                 |
| Percent of applicant pools for positions at grades GS-13 and above that contain people in underrepresented groups.  | 74                 | 78                 | 89                 | 92                 | 93                 | 95                 |
| Percent of public network applications availability.  | –                  | –                  | –                  | 98.7               | 97.0               | 98.9               |

*Goal 1: Improving Records Management*

We completed the first full year of our redesigned records management training program. With a Records Management Training Officer now part of our NARA-wide records management team, we will continue to apply adult education concepts and explore alternative delivery approaches in our training efforts. Our program is designed to address new trends in records management and the ongoing revolution in information technology so that agency records professionals can play an important role in process design, IT capital planning, and information and knowledge management in their agencies. We completed our first year of our certification program for individuals who successfully complete training in Federal records management. The certification program is designed to raise awareness and improve effectiveness of Federal records management, increase the level of professionalism of those managing Federal records, give Federal records professionals a set of benchmarks to gauge their professional development, and give NARA the ability to better assess the effectiveness of its training program. Participants who successfully pass a series of examinations receive NARA's Certificate of Federal Records Management Training, signed by the Archivist of the United States. In our first year we certified 47 individuals.

We continue to support the President's e-Government initiatives through the ERM Initiative, which is providing practical recordkeeping guidance and tools to Federal agencies for managing electronic records. We are the lead agency for the ERM Initiative project to develop records management service components. This year we collaborated with records management and enterprise information architecture stakeholders from eighteen Federal agencies, NARA subject matter experts, and industry and academic experts to develop a set of records management components, a finalized set of functional requirements, and a prioritized list of component activities. These requirements serve as a baseline and starting point for the procurement and development of records management service components.

NARA is an executive sponsor of the *Interagency Committee on Government Information* (ICGI) and was chair of the *Electronic Records Policy Working Group* (ERPWG). Before ending its work in FY 2005, the ERPWG produced a report offering recommendations for the effective management of Government information on the Internet and other electronic records. NARA created the *Federal Records Council*, a 27-member interagency committee to advise the Archivist and Federal agencies on all aspects of records management, with special emphasis on the management of electronic records. The Council, the successor to ERPWG, provides a formal mechanism for agencies and NARA to identify strategies, best practices, and solutions to electronic information and records issues.

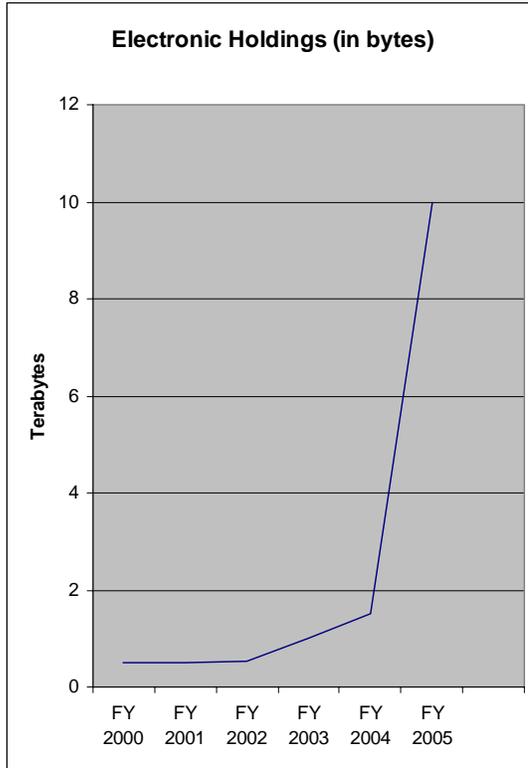
This year, under the auspices of ICGI, we completed a draft of a Records Management (RM) Profile in the Federal Enterprise Architecture (FEA). We also continued work on an online Electronic Records Management (ERM) Toolkit. The Toolkit, scheduled for a test launch in early FY 2006, will be a NARA-managed Internet portal that will share ERM tools government-wide.

We continue to offer *targeted assistance* to Federal agencies nationwide with urgent records management problems. Through targeted assistance partnerships, our records management experts spend time on-site at the offices of other Federal agencies to train personnel, help plan records inventories, assist in scheduling records for disposal or transfer to NARA, and aid in writing records management plans. Since 1999, NARA has

established 372 targeted assistance projects with 107 Federal agencies and field offices, of which 279 projects have been completed.

*Goal 2: Meeting Electronic Records Challenges*

In September 2005 we awarded to Lockheed Martin Corporation the contract for the *Electronic Records Archives (ERA)*, the system that will capture electronic information,



regardless of its format, save it permanently, and make it accessible on whatever hardware or software is currently in use. In our continuing effort to remain accountable for ERA we formed a high-level committee of recognized experts and leaders in their fields to advise and make recommendations to the Archivist on issues related to the development, implementation, and use of the ERA system. This Advisory Committee on the Electronic Records Archives will provide an ongoing structure for bringing together experts in computer science and information technology, archival science and records management, information science, law, history, genealogy, and education.

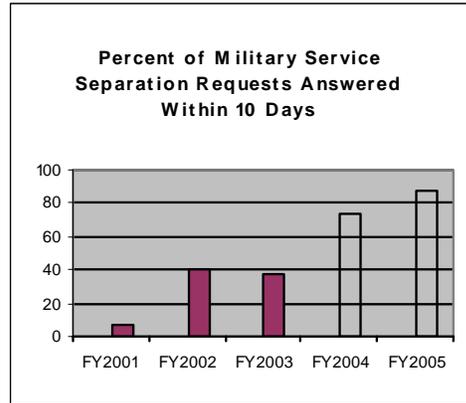
We now have more than 85 million logical data records accessible online through *Access to Archival Databases (AAD)*, an early prototype of a portion of the ERA system.

*Goal 3: Expanding Opportunities for Access*

We have added more than 14,000 descriptions of our holdings to the *Archival Research Catalog (ARC)* this year. ARC is an online catalog of NARA's nationwide holdings. We described 42 percent of our holdings in ARC this year, surpassing our target of 40 percent.

In response to the appraisal of Official Military Personnel Files (OMPFs) as permanent records, we established an Archival Programs Division in the National Personnel Records Center (NPRC) to manage the records and constructed an archival research room where members of the public can examine the records available for research. The new archival research room opened in May. The first batch of archival records made available included nearly 1.2 million OMPFs of former U.S. Navy and Marine Corps enlisted personnel who served in the military between 1885 and 1939. This first set of opened records also included the files of 150 "persons of exceptional prominence" who served in the military and who died at least ten years ago. Among these files were the OMPFs of John F. Kennedy, Elvis Presley, and Jackie Robinson.

We continued to expand our *electronic services* through our *Enhancing NARA's Online Services* program, in which we look for opportunities to make more of our services available electronically for both Federal agencies and the public. We currently make 50 percent of our services available to the public online. We expanded the functional capability of *Order Online!* to allow customers to perform online searches to find microfilm available for purchase, viewing, or renting and to order microform products. Applicants may now submit grant applications to the National Historical Publications and Records Commission (NHPRC) online through *Grants.gov*.



We continue to collect public feedback about *Archives.gov* and our other web sites through the American Customer Satisfaction Index (ACSI) online surveys of our sites and major application interfaces such as ARC and AAD. The results of these surveys helped guide the redesign of our web site, *Archives.gov*, to make it more helpful to our customers through improved navigation of the site. In recognition of our efforts we won "Best Practices, Best Web Design in 2005," a peer award voted by Federal web managers throughout Government service. We used the web site to facilitate access to such high-demand documents as the 9/11 Commission's recently released "Staff Monograph on the Four Flights and Civil Aviation Security," which is an adjunct to the frozen public access version of the Commission's web site that is now a Federal record managed by NARA. We also provided online digital copies of documents from our



holdings relating to Supreme Court nominee John Roberts. The timely publication of these documents online ensured the widest possible access to these materials by the public.

We continued to exceed our customer service targets in FY 2005 in nearly every area. More than 96 percent of the written requests we received from customers were answered within 10 working days. Eighty-eight percent of the requests for military service separation records we received were answered in 10 working days or less. Ninety-eight percent of the items our customers requested in our research rooms were furnished within one hour of request or the scheduled pull time. And 99 percent of our customers rated our educational programs, workshops, and training programs as meeting their expectations.

We continued to exceed our customer service targets in FY 2005 in nearly every area. More than 96 percent of the written requests we received from customers were answered within 10 working days. Eighty-eight percent of the requests for military service separation records we received were answered in 10 working days or less. Ninety-eight percent of the items our customers requested in our research rooms were furnished within one hour of request or the scheduled pull time. And 99 percent of our customers rated our educational programs, workshops, and training programs as meeting their expectations.

*Goal 4: Meeting Storage and Preservation Needs of Growing Quantities of Records*

Our major initiative in this area is the *renovation of the National Archives Building*. In FY 2005 we finished all work in the base renovation contract, with only work to replace

electrical systems in the archival storage areas and some refinishing of the Rotunda display cases left to complete next year.

Four Presidents (President George W. Bush and former Presidents Jimmy Carter, George H.W. Bush, and Bill Clinton), family members of other Presidents, and approximately 30,000 people attended the dedication of the Clinton Presidential Library and Museum on November 18, 2004. All archival and artifact holdings from the Clinton administration are now housed in this state-of-the-art facility that meets our storage standards. The library's exhibit is now open to visitors, and the library has its research room open with a small amount of material available for research.

In his last mission as a helicopter gunship pilot in the Vietnam War, Stephen E. Lawrence had tried once to rescue the crew of another downed gunship under enemy fire, then went back again to finally fly them to safety. Lawrence and his three crewmates received the Distinguished Flying Cross. The crewmates' awards were upgraded later to the Silver Star, the Army's third highest medal. Lawrence was recommended for the Distinguished Service Cross, the Army's second highest medal, but he left the Army soon thereafter with only his Distinguished Flying Cross. Earlier this year, some friends of Lawrence decided to correct what they considered an injustice. When their search for documents about the mission reached NARA, however, archivist Richard Boylan found a surprise — paperwork showed that Lawrence had indeed been awarded the prestigious Distinguished Service Cross in 1972 but never received notification. The award presentation finally was made in a special Pentagon ceremony in March 2005.

We also opened a new archival facility for the Southeast Region in Morrow, GA. This facility consolidates operations previously housed in three separate facilities in Georgia and Alabama and features ample storage space that meets our environmental storage standards and excellent facilities for our researchers and attendees of public programs.

In response to *the risk assessment of the Official Military Personnel Files (OMPFs)* we completed at the NPRC, we began preservation work on the oldest, most fragile records. These records, representing slightly more than one percent of the files in the collection, date back to 1885 and contain data about Navy and Marine Corps enlisted personnel who served prior to World War II. NARA's archival holdings at St. Louis will gradually expand to include significant volumes of OMPFs and related records.

### *Goal 5: Strategically Managing Our Resources*

In FY 2005 our security program was enhanced by the update of NARA 804, *Information Technology (IT) Systems Security*, and the inclusion of the Security Architecture component in the Enterprise Architecture. We further strengthened our program through the creation of IT governance boards which provide strong support for configuration management of IT systems that are in production and under development. We adopted standardized configurations for a number of key operating systems, and network monitoring was enhanced through the deployment of an Intrusion Detection System. Classified IT systems were brought under centralized management control, and NARA produced and tested a Disaster Recovery Plan. These activities allowed us to close a longstanding material weakness; however, we expect IT security to continue as a priority as we rely more and more on our IT infrastructure to provide services to the public.

We expanded the availability of electronic submission of *Federal Register* documents using the *Electronic Editing and Publishing System* (eDOCS). To date we have registered a

total of 15 agencies to submit documents electronically to the *Federal Register*. This year we used eDOCS to manage more than 7,000 documents, approximately 22 percent of our total workload this year. More than 142 million *Federal Register* documents were retrieved online by our customers. We are proud of our efforts to make the workings of government more readily accessible to citizens.

A more detailed examination of our FY 2005 performance can be found in the Performance Section of this report.

*Linking Our Budget to Our Objectives*

Our long-term objectives are tied directly to our budget. The chart below illustrates, by strategic goal and long-term objective, the resources allocated to each of these goals. (The resources obligated to each of these goals are shown in figure 3 on p. 35.) The chart also links the major budget functions to each of our long-term objectives.

| <b>NARA Goals &amp; Long-Term Objectives</b>   | Records Services | Archives-Related Services | Electronic Records Archives | Revolving Fund | Trust Fund | NHPRC | Repairs & Restoration |
|--|------------------|---------------------------|-----------------------------|----------------|------------|-------|-----------------------|
| <b>Goal 1: \$17,029,000 and 148 FTE</b>  |                  |                           |                             |                |            |       |                       |
| 1.1 By 2008, 95% of agencies view their records management program as a positive tool for asset and risk management.                           | ✓                |                           |                             |                |            |       |                       |
| 1.2. By 2008, 95% of approved capital asset plans have approved records schedules by the time those systems begin creating records.            | ✓                |                           |                             |                |            |       |                       |
| 1.3. By 2008, 95% of customers are satisfied with NARA scheduling and appraisal services.  | ✓                |                           |                             |                |            |       |                       |
| <b>Goal 2: \$53,196,000 and 86 FTE</b>   |                  |                           |                             |                |            |       |                       |
| 2.1. By 2008, NARA's Records Center Program accepts and services electronic records.   |                  |                           | ✓                           | ✓              |            |       |                       |
| 2.2. By 2008, 80% of scheduled archival electronic records are accessioned by NARA at the scheduled time.                                      | ✓                |                           | ✓                           |                |            |       |                       |
| 2.3. By 2008, 80% of archival electronic records are managed at the appropriate level of service.  | ✓                |                           | ✓                           |                |            |       |                       |
| 2.4. By 2008, the median time from the transfer or archival electronic records to NARA until they are available for access is 35 days or less. | ✓                |                           | ✓                           |                |            |       |                       |
| 2.5. By 2008, the per megabyte cost of managing archival electronic records through the Electronic Records Archives decreases each year.       |                  |                           | ✓                           |                |            |       |                       |
| <b>Goal 3: \$146,139,000 and 2,344 FTE</b>   |                  |                           |                             |                |            |       |                       |
| 3.1. By 2007, access to records and services and customer satisfaction levels meet or exceed NARA's published standards.                       | ✓                | ✓                         |                             | ✓              | ✓          |       |                       |
| 3.2. By 2007, 70% of NARA services are available online.   | ✓                |                           |                             | ✓              |            |       |                       |
| 3.3. By 2008, 80% of NARA archival holdings are described in an online catalog.  | ✓                |                           |                             |                |            |       |                       |

**National Archives and Records Administration**  
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| <b>NARA Goals &amp; Long-Term Objectives</b>  | Records Services | Archives-Related Services | Electronic Records Archives | Revolving Fund | Trust Fund | NHPRC | Repairs & Restoration |
|---|------------------|---------------------------|-----------------------------|----------------|------------|-------|-----------------------|
| 3.4. By 2007, government-wide holdings of 25-year-old or older records are declassified, properly exempted, appropriately referred, or appropriately delayed under the provisions of Executive Order 12958, as amended, through a series of ISOC-led interagency efforts. | ✓                |                           |                             |                |            |       |                       |
| 3.5. By 2007, NARA archival holdings of 25-year-old or older records are declassified, properly exempted, appropriately referred, or appropriately delayed under the provisions of Executive Order 12958, as amended.   | ✓                |                           |                             |                |            |       |                       |
| 3.6. By 2007, 10% of records of a two-term President or 15% of records for a one-term President are open and available for research at the end of the 5-year post-Presidential period specified in the Presidential Records Act.  | ✓                |                           |                             |                |            |       |                       |
| 3.7. By 2007, 90% of all NHPRC-assisted projects produce results promised in grant applications approved by the Commission.   |                  | ✓                         |                             |                |            | ✓     |                       |
| <b>Goal 4: \$63,981,000 and 151 FTE</b>   |                  |                           |                             |                |            |       |                       |
| 4.1. By 2009, 100% of NARA's archival holdings are in appropriate space.  | ✓                |                           |                             |                |            |       | ✓                     |
| 4.2. By 2009, 100% of NARA records centers comply with the October 2009 regulatory storage standards.   |                  |                           |                             | ✓              |            |       |                       |
| 4.3. By 2007, 50% of NARA's at-risk archival holdings are appropriately treated or housed so as to retard further deterioration.  | ✓                |                           |                             |                |            |       |                       |
| <b>Goal 5: \$34,274,000 and 123 FTE</b>   |                  |                           |                             |                |            |       |                       |
| 5.1. By 2008, the average time a leadership position remains unfilled is 30 days or less.   | ✓                | ✓                         |                             | ✓              |            |       |                       |
| 5.2. By 2007, the percentages of NARA employees in underrepresented groups match their respective availability levels in the Civilian Labor Force.  | ✓                | ✓                         |                             | ✓              |            |       |                       |
| 5.3. By 2007, NARA will accept 100% of the validated legal documents submitted electronically for publication in the <i>Federal Register</i> .  |                  | ✓                         |                             |                |            |       |                       |
| 5.4. By 2008, all public network applications are available 99.9% of the time.  | ✓                | ✓                         |                             | ✓              |            |       |                       |

## Financial Highlights

Fiscal year 2005 was the second year that NARA prepared consolidated financial statements in accordance with the Chief Financial Officers (CFO) Act, as mandated by the Accountability of Tax Dollars Act of 2002. The financial statements presented in this report have been prepared from NARA's accounting records in accordance with the generally accepted accounting standards prescribed for Federal entities by the Federal Accounting Standards Advisory Board (FASAB) and presentation standards prescribed by OMB Circular A-136, "Financial Reporting Requirements."

### Sources of Funds

NARA is funded through appropriated budget authority that includes annual, multiyear and no-year appropriations which are available for use within certain specified statutory limits. Other financing sources include the National Archives Trust Fund, Gift Fund, and Revolving Fund revenues.

NARA's total new FY 2005 budget authority from its annual appropriation was \$321.3 million. We carried over \$26.5 million in multiyear and no-year funds, and \$.3 million from FY 2004 was available for obligation in FY 2005. FY 2005 rescissions totaled \$2.6 million. Total appropriated budget authority for FY 2005 was \$345.5 million.

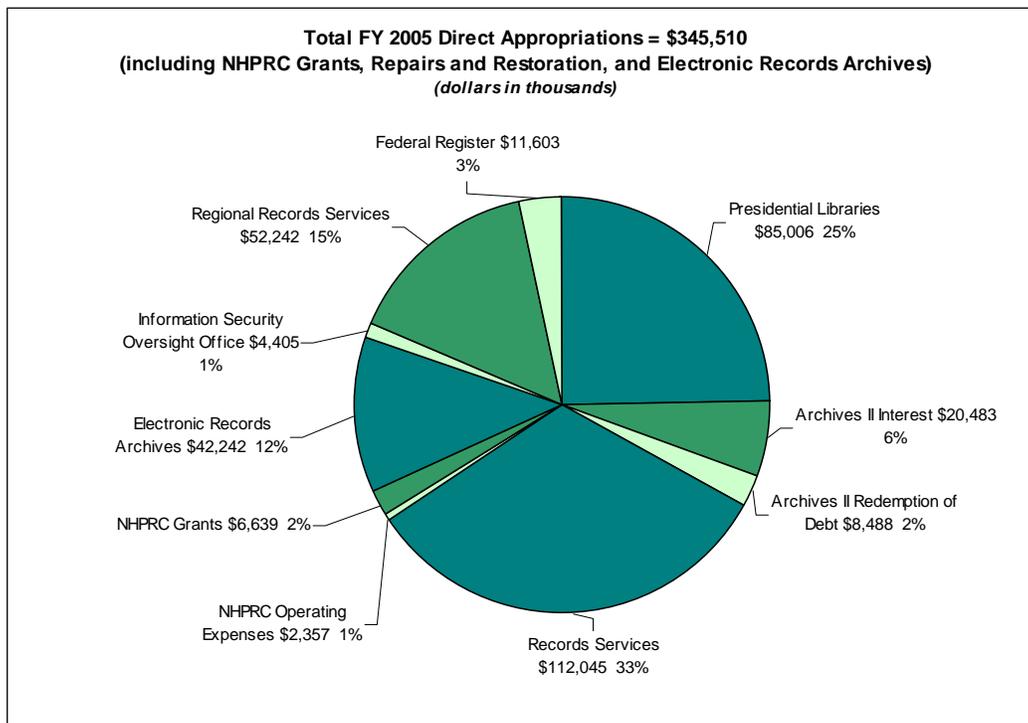


Figure 2. Appropriated Budget Authority, FY 2005.

The major operating appropriation funds basic operations comprising records services, archives-related services, and the National Archives at College Park. Records services provides for selecting, preserving, describing, and making available to the general public, scholars, and Federal agencies the permanently valuable historical records of the Federal

Government and the historical materials and Presidential records in Presidential libraries; for preparing related publications and exhibit programs; and for conducting the appraisal of all Federal records. Archives-related services provide for the publications of the Federal Register, the Code of Federal Regulations, the U.S. Statutes at Large, and Presidential documents, and for a program to improve the quality of regulations and the public's access to them. The \$302 million cost of construction of the National Archives at College Park, which serves as a major archival facility as well as the center for NARA's administrative offices, was financed by Federally guaranteed debt issued in 1989 for which the Archivist seeks appropriations for the annual payments for interest and redemption of debt.

NARA also receives appropriations that fund the Electronic Records Archives, repairs and restorations, and the National Historical Publications and Records Commission grants program. The Electronic Records Archives appropriation funds NARA's effort to ensure the preservation of and access to Government electronic records. The repairs and restoration appropriation funds the repair, alteration, and improvement of archives facilities to provide adequate storage for holdings. The National Historical Publications and Records Commission grants program provides for grants to state, local, and private institutions to preserve and publish records that document American history. Figure 2 illustrates the allotment of total available appropriated funds.

The National Archives Trust Fund and Presidential Library Trust Funds budget authority includes revenues generated from the sale of publications, museum shop sales, paper reproductions, audiovisual reproductions, library admissions, educational conferences, and interest income. Expenditures are made for the cost of museum shop inventory, personnel, operational and financial systems, equipment, and reproduction supplies. The National Archives Trust Fund and Presidential Library Trust Funds earned revenue of \$16.3 million in FY 2005.

The Gift Fund's budget authority includes donations and the interest earned on those gifts and endowments. It was established to administer incoming gifts and bequests for the benefit of or in connection with the archival and records activities of the National Archives and Records Administration. Expenditures are made for various programs, including historical research, conferences, archival and cultural events, and publications. In FY 2005, the Gift Fund received donations of \$2.1 million and a restricted endowment from the Clinton Foundation of \$7.2 million.

The Revolving Fund's budget authority includes temporary Federal agency records stored in NARA service facilities. It provides storage, transfer, reference, re-file, and disposal services, for a standard fee. The Revolving Fund earned revenue of \$132 million in FY 2005.

### ***Uses of Funds by Function***

NARA incurred new general fund obligations of \$328.2 million in FY 2005. Of this, \$0.6 million is for reimbursable work. The chart below represents obligations by strategic goal.

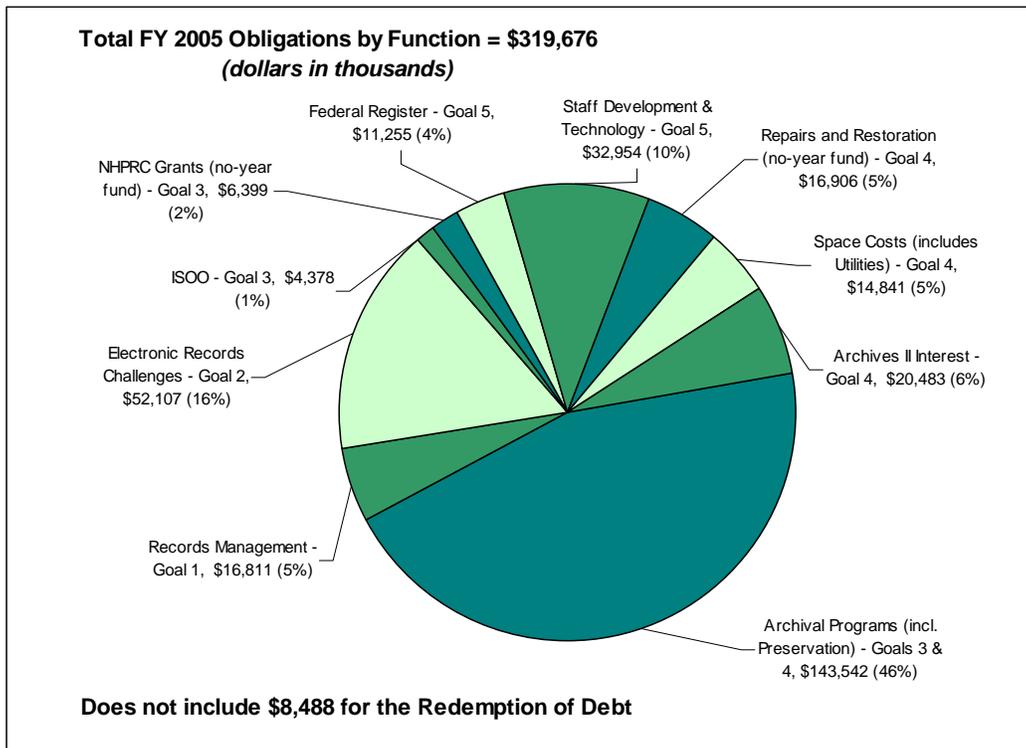


Figure 3. Obligations by Function, FY 2005.

### Audit Results

NARA received a qualified opinion on its FY 2005 financial statements and a qualified opinion on its restated FY2004 financial statements. FY 2005 opinion was qualified for the effects of such adjustments, if any, for obligations and outlays related to non-Federal investments. The auditors identified one material internal control weakness and four reportable conditions. NARA also reported one substantial noncompliance instance with the Federal Financial Management Improvement Act concerning the financial system compliance.

### Financial Statement Highlights

NARA's financial statements summarize the financial activity and financial position of the agency. NARA's FY 2004 financial statements have been restated, based on a more in-depth analysis, to reflect an overstatement of approximately \$13 million to the *Property, plant, and equipment* balances, established in FY 2004 for the first time. The financial statements, footnotes, supplementary information, and supplementary stewardship information appear in Part 3—Financial Section. An analysis of the principal statements follows.

### *Analysis of the Balance Sheet*

#### *Assets*

NARA's assets were \$517.9 million as of September 30, 2005, a decrease of \$35 million from the end of FY 2004. The assets reported in NARA's balance sheet are summarized in the accompanying table.

| <b>Asset Summary (in millions)</b>          | <b>FY 2005</b> | <b>Restated<br/>FY 2004</b> |
|---|----------------|-----------------------------|
| Fund balance with Treasury and cash         | \$167.3        | \$185.2                     |
| General property, plant, and equipment, net | 311.8          | 314.6                       |
| Investments                                 | 26.7           | 36.0                        |
| Accounts receivable, net                    | 10.0           | 15.0                        |
| Inventory                                   | 1.1            | 1.0                         |
| Other                                       | 1.0            | 1.1                         |
| <b>Total assets</b>                         | <b>\$517.9</b> | <b>\$552.9</b>              |

The fund balance with Treasury and cash accounts for approximately 32.3 percent of total assets, with a decrease of \$17.9 million from the FY 2004 balance, and represents appropriated funds and collections of fees for services. *Property, plant, and equipment* constitute 60.2 percent of total assets, with the National Archives Facility at College Park representing the greater part of the balance.

#### *Liabilities*

NARA's liabilities were \$292.7 million as of September 30, 2005, a decrease of \$29.4 million from the end of FY 2004. Most of the decrease in liabilities is due to FY 2005 debt repayment of approximately \$8.5 million, as well as liquidation of liability for non-entity investments of \$17.5 million. The liabilities reported in NARA's balance sheet are summarized in the accompanying table.

| <b>Liabilities Summary (in millions)</b> | <b>FY 2005</b> | <b>FY 2004</b> |
|--|----------------|----------------|
| Debt held by the public                  | \$236.3        | \$246.0        |
| Accounts payable                         | 23.4           | 27.8           |
| Other                                    | 33.0           | 48.3           |
| <b>Total liabilities</b>                 | <b>\$292.7</b> | <b>\$322.1</b> |

*Debt held by the public* accounts for approximately 81 percent of total liabilities and represents certificates of participation issued to the public through a trustee to cover the construction costs of the National Archives at College Park. Liabilities totaling \$258.4 million, or 88.3 percent of total liabilities, were unfunded; i.e., budgetary resources were not yet available. For most unfunded liabilities, budgetary resources will be made available in the years balances are due, in accordance with OMB funding guidelines. The major elements of unfunded liabilities are \$236.3 million for debt held by the public, \$9.3 million for workers' compensation, and \$12.5 million for unfunded annual leave.

*Net Positions*

The difference between total assets and total liabilities, net position, was \$225.2 million as of September 30, 2005. This is a decrease of \$5.7 million from the FY 2004 year-end balance. The net position reported in NARA's balance sheet is summarized in the accompanying table.

Unexpended appropriations is the amount of authority granted by Congress that has not been expended. Cumulative results of operations represents net results of operations since NARA's inception, reflecting results of revolving fund operations and funding of the capital needs of the agency.

| <b>Net Position Summary<br/>(in millions)</b> | <b>FY 2005</b>  | <b>Restated<br/>FY 2004</b> |
|---|-----------------|-----------------------------|
| Unexpended appropriations                     | \$ 117.6        | \$ 139.8                    |
| Cumulative results of operations              | 107.6           | 91.1                        |
| <b>Total net position</b>                     | <b>\$ 225.2</b> | <b>\$ 230.9</b>             |

*Analysis of the Statement of Net Cost*

The statement of net cost presents the net cost of NARA's six major programs. NARA's net cost of operations for the year ended September 30, 2005, was \$345.4 million. The increase of \$59 million in the net cost of operation is due largely to the increased activity and contract costs in the Electronic Records Archives (ERA) program, significant increases in utilities and security services, and payroll cost-of-living increases. Net costs by program are shown in the accompanying table.

| <b>Net Cost of Operations (in millions)</b>                               | <b>FY 2005</b> | <b>Restated<br/>FY 2004</b> |
|---|----------------|-----------------------------|
| Records and archives-related services                                     | \$279.7        | \$240.7                     |
| Trust and Gift Funds  | (.2)           | 3.4                         |
| Electronic Records Archives   | 35.7           | 11.2                        |
| National Historical Publications and<br>Records Commission grants         | 7.3            | 5.9                         |
| Archives facilities and Presidential libraries<br>repairs and restoration | 11.1           | 13.0                        |
| Records center storage and services                                       | 11.8           | 12.2                        |
| <b>Net cost of operations</b>   | <b>\$345.4</b> | <b>\$286.4</b>              |

*Analysis of the Statement of Changes in Net Position*

The statement of changes in net position reports the change in net position during the reporting period. Net position is affected by changes in its two components – Cumulative Results of Operations and Unexpended Appropriations. The decrease in the net position of \$5.7 million from FY 2004 to FY 2005 is due to the increase in cumulative results of operations of \$16.5 million and a decrease in unexpended appropriations of \$22.2 million. The overall decrease is indicative of the higher expenditures for other than capital needs of the organization, such as utilities and contract services.

### ***Analysis of the Statement of Budgetary Resources***

The Statement of Budgetary Resources presents the sources of budgetary resources and their status at the end of the period, as well as demonstrates the relationship of obligations to outlays. For FY 2005, NARA had budgetary resources available of \$568.7 million, an increase of 2.9 percent over \$552.6 million in FY 2004. The majority of the increase resulted from new budget authority.

### ***Analysis of the Statement of Financing***

The statement of financing is designed to reconcile obligation-based (budgetary accounting) information in the statement of budgetary resources and accrual-based (financial accounting) information in the statement of net cost by reporting the differences and explaining them. This reconciliation ensures that the proprietary and budgetary accounts in the financial management system are in balance. The statement of financing takes budgetary obligations of \$494 million and reconciles to the net cost of operations of \$345.4 million by deducting nonbudgetary resources, costs not requiring resources, and financing sources to be provided in the future.

### ***Debt Management***

The U.S. General Services Administration (GSA) provides cross-servicing for NARA's debt collection management. Debt management information specific to NARA is not available; however, GSA's procedures for debt management are as follows. To comply with the Debt Collection Improvement Act of 1996, GSA transmits delinquent claims each month to the U.S. Department of the Treasury Financial Management Service (FMS) for collection cross-servicing. GSA also collects non-Federal claims using Pre-Authorized Debits (PADs). GSA actively pursues delinquent non-Federal claims using installment agreements, salary offset, administrative wage garnishment, and any other statutory requirement or authority that is applicable. Through an outside contract arrangement, GSA actively reviews and pursues overpayments. They are working with FMS to remove all nonpaying claims more than two years old from open receivables and have implemented a plan to review delinquent accounts and contact debtors, especially those approaching two years old, on a quarterly basis.

### ***Erroneous Payments Management***

GSA provides cross-servicing for NARA for all of its financial services, including payments management. For FY 2005, NARA is fully relying on the procedures performed by GSA. To comply with the Improper Payments Information Act of 2002, GSA retained the services of a contractor to conduct a management control review and Improper Payments Information Act review that focused on erroneous payment risk analysis by program to determine and estimate the amount of potential improper and erroneous payments. All programs were statistically sampled to identify those that are highly susceptible to erroneous payments and that meet the \$10 million and 2.5-percent threshold established by the Office of Management and Budget (OMB). Corrective action plans will be developed for any programs that are identified as subject to significant risk of erroneous payments.

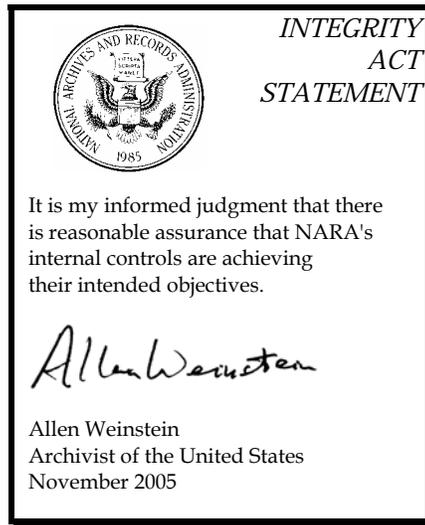
## Systems, Controls, and Legal Compliance

This section provides information about NARA's compliance with the

- Federal Manager's Financial Integrity Act
- Federal Information Security Management Act
- Federal Financial Management Improvement Act
- Prompt Payment Act
- Inspector General Act

### ***Federal Managers' Financial Integrity Act***

The Federal Managers' Financial Integrity Act mandates that agencies establish controls that reasonably ensure that (i) obligations and costs comply with applicable law; (ii) assets are safeguarded against waste, loss, unauthorized use, or misappropriation; and (iii) revenues and expenditures are properly recorded and accounted for. This act encompasses operational, program, and administrative areas, as well as accounting and financial management. It requires the Archivist to provide an assurance statement to the President on the adequacy of internal controls and conformance of financial systems with Government-wide standards.



### ***Internal Controls Program***

NARA's internal controls worked to ensure the attainment of our mission and FY 2005 goals, maintain efficient operations, and reduce fraud and the misuse of taxpayer-provided resources. NARA managers submitted an annual assurance statement, along with a management control plan, to the Archivist of the United States at the end of the fiscal year. These statements were based on various sources and included

- Management knowledge gained from daily operation of programs
- Management reviews
- Program evaluations
- Audits of financial statements
- Reviews of financial systems
- Annual performance plans and periodic performance reporting to the Archivist
- Senior Staff reviews and briefings

- Internal oversight groups for agency programs
- Monthly reporting in NARA's Performance Measurement Reporting System and monthly Strategic Schedule reporting
- Reports and other information provided by the congressional committees of jurisdiction

In addition, audits and reviews performed by the Office of Inspector General (OIG) and the Government Accountability Office reviewed the agency's internal controls and led to improvements in them. Annually, the OIG reviews the state of NARA's internal controls. The Archivist's assurance letter reports on the results of this assessment.

### ***FY 2005 Integrity Act Results***

NARA evaluated its internal control systems for the fiscal year ending September 30, 2005. This evaluation provided reasonable assurance that the agency's internal controls achieved their intended objectives. Pursuant to Section 2 of the Integrity Act, we identified three material weaknesses in fiscal years 2000, 2001, and 2005. Corrective action plans were developed for material weaknesses in computer security, collections security, and in textual preservation. Much progress has been made, and substantial corrective actions for computer security were completed in FY 2005. Pursuant to Section 4 of the Integrity Act, the financial subsystems of NARA generally conformed with the objectives detailed in OMB Circular A-127, revised. Although three systems (Order Fulfillment Accounting System; Trust Fund-Gift Fund Financial Review, Analysis, and Reporting System; and Records Center Revolving Fund financial management systems) were not in complete conformance because they failed to meet the financial management system requirements, the nonconformances were not deemed material.

### ***Federal Information Security Management Act***

The Federal Information Security Management Act (FISMA) requires Federal agencies to conduct an annual self-assessment review of their information technology security program, to develop and implement remediation efforts for identified security weaknesses and vulnerabilities, and to report to OMB on the agency's compliance.

Following established FISMA requirements, our review indicated no new significant deficiencies in NARA's FY 2005 FISMA, submitted October 7, 2005, to OMB.

### ***Federal Financial Management Improvement Act***

GSA is the financial services provider of NARA financial systems via PEGASYS. At the end of FY 2005, GSA had a material weakness concerning the PEGASYS system, because it was not compliant with the Joint Financial Management Improvement Program (JFMIP), required by FFMIA. NARA changed its financial services provider, effective October 1, 2005, and anticipates this will correct any related deficiencies.

***Prompt Payment Act***

During FY 2005, GSA was the financial services provider of NARA financial statistics and acted as our agent for implementing the Prompt Payment Act. As a result, NARA statistics were not specifically identifiable.

***Inspector General Act***

NARA satisfied nearly 70 percent of all open audit recommendations, maintaining its steady progress in resolving and implementing open audit recommendations presented in OIG reports. Section 5(b) of the Inspector General Act requires agencies to report on final actions taken on OIG audit recommendations. This information can be found in the Performance Section of this report.

## Facilities

**National Archives Building**  
700 Pennsylvania Avenue, NW  
Washington, DC 20408  
202-501-5400

**National Archives at  
College Park**  
8601 Adelphi Road  
College Park, MD 20740  
301-837-2000

**Washington National  
Records Center**  
4205 Suitland Road  
Suitland, MD 20746  
301-778-1600

**NARA–Northeast Region**  
Diane LeBlanc,  
*Regional Administrator*

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Waltham, MA 02452  
866-406-2379

NARA–Northeast Region  
(Pittsfield)  
10 Conte Drive  
Pittsfield, MA 01201  
413-236-3600

NARA–Northeast Region  
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201 Varick Street, 12th Floor  
New York, NY 10014  
212-401-1620

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NARA–Great Lakes Region  
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Dayton, OH 45439  
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NARA–Central Plains Region  
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200 Space Center Drive  
Lee's Summit, MO 64064  
816-288-8100

NARA–Central Plains Region  
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17501 West 98th Street, #31-50  
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Kent Carter,  
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206-336-5115

NARA-Pacific Alaska Region  
(Anchorage)  
654 West Third Avenue  
Anchorage, AK 99501  
907-261-7800

**NARA-National Personnel  
Records Center**  
Ronald Hindman, *Director*

NARA-National Personnel  
Records Center  
(Civilian Personnel Records)  
111 Winnebago Street  
St. Louis, MO 63132  
314-801-9250

NARA-National Personnel  
Records Center  
(Military Personnel Records)  
9700 Page Avenue  
St. Louis, MO 63132  
314-801-0800

**Herbert Hoover Library**  
Timothy G. Walch, *Director*  
210 Parkside Drive  
P.O. Box 488  
West Branch, IA 52358  
319-643-5301

**Franklin D. Roosevelt Library**  
Cynthia Koch, *Director*  
4079 Albany Post Road  
Hyde Park, NY 12538  
845-486-7770

**Harry S. Truman Library**  
Michael Devine, *Director*  
500 West U.S. Highway 24  
Independence, MO 64050  
816-268-8200

**Dwight D. Eisenhower Library**  
Daniel D. Holt, *Director*  
200 Southeast Fourth Street  
Abilene, KS 67410  
785-263-6700

**John Fitzgerald Kennedy  
Library**  
Deborah Leff, *Director*  
Columbia Point  
Boston, MA 02125  
617-514-1600

**Lyndon Baines Johnson  
Library**  
Betty Sue Flowers, *Director*  
2313 Red River Street  
Austin, TX 78705  
512-721-0200

**Nixon Presidential  
Materials Staff**  
Michael Woywod, *Acting  
Director*  
National Archives at College  
Park  
8601 Adelphi Road  
College Park, MD 20740  
301-837-3290

**Gerald R. Ford Library and  
Museum**  
Elaine K. Didier, *Director*  
  
Gerald R. Ford Library  
1000 Beal Avenue  
Ann Arbor, MI 48109  
734-205-0555

Gerald R. Ford Museum  
303 Pearl Street, NW  
Grand Rapids, MI 49504  
616-254-0400

**Jimmy Carter Library**  
Jay E. Hakes, *Director*  
441 Freedom Parkway  
Atlanta, GA 30307  
404-865-7100

**Ronald Reagan Library**  
Duke Blackwood, *Director*  
40 Presidential Drive  
Simi Valley, CA 93065  
805-577-4000

**George Bush Library**  
Warren Finch, *Director*  
1000 George Bush Drive West  
P.O. Box 10410  
College Station, TX 77845  
979-691-4000

**William J. Clinton Library**  
David E. Alsobrook, *Director*  
1200 President Clinton Avenue  
Little Rock, AR 72201  
501-374-4242

## Copies of This Report

This report is available on our web site at –

*[www.archives.gov/about/plans-reports/performance-accountability/](http://www.archives.gov/about/plans-reports/performance-accountability/)*

Links are provided to both the full report (Management’s Discussion and Analysis [MD&A], Performance and Financial sections, and Appendixes) as well as the summary report (MD&A). Also located on that page are links to our Strategic Plan, annual performance plans, and past performance reports.

Copies of this report also may be obtained by electronic request via the form at –

*[www.archives.gov/contact/inquire-form.html](http://www.archives.gov/contact/inquire-form.html)*

or by writing to National Archives and Records Administration, Policy and Planning Staff, 8601 Adelphi Road, Room 4100, College Park, MD 20740-6001. Please specify whether you are interested in the summary report or the full report. Also, we welcome your comments on how we can improve this report for FY 2006. Please e-mail any comments to *[Vision@nara.gov](mailto:Vision@nara.gov)*.

## Other Web Pages of Interest

**Reports, Strategic Documents, Messages from the Archivist:** Find the latest information regarding our mission, vision, and strategic initiatives.

*[www.archives.gov/about/](http://www.archives.gov/about/)*

**The National Archives Experience:** Participate in an interactive, educational experience about the power of records in a democracy.

*[www.archives.gov/national-archives-experience/](http://www.archives.gov/national-archives-experience/)*

**Archival Holdings:** Find records of interest in Washington, DC, the regional archives, and Presidential libraries.

*[www.archives.gov/research/arc/](http://www.archives.gov/research/arc/)*

**Public Documents:** The U.S. Government Printing Office and the Office of the Federal Register at NARA work closely to disseminate the official text of Federal laws, Presidential documents, administrative regulations and notices, and descriptions of Federal organizations, programs and activities.

*[www.gpoaccess.gov/nara/](http://www.gpoaccess.gov/nara/)*

**Public Regulations:** Find, review, and submit comments on Federal documents that are open for comment and published in the *Federal Register*, the Government’s legal newspaper.

*[www.regulations.gov](http://www.regulations.gov)*

**Careers at NARA:** Review current job openings and learn how to apply.

*[www.archives.gov/careers/](http://www.archives.gov/careers/)*

**Visit NARA:** Learn how to prepare for a research visit, about facility hours and locations, and more.

*[www.archives.gov/research/](http://www.archives.gov/research/)*

**Prologue Magazine:** Keep up to date on NARA activities through its quarterly journal. View selected articles and subscribe online.

*[www.archives.gov/publications/prologue/](http://www.archives.gov/publications/prologue/)*

## PART 2 PERFORMANCE SECTION

### Measuring and Reporting Our Performance

This annual performance report is based on the goals, strategies, and long-range performance targets in our Strategic Plan and the specific objectives in our FY 2005 Annual Performance Plan. The following pages detail our performance on all our FY 2005 objectives. Checked boxes indicate those we fully achieved. Those we did not fully achieve have open boxes with an explanation below. We also included relevant performance results and trend information. Our budget is linked to the report's performance goals. We received no aid from non-Federal parties in preparing this report.

We used four mechanisms to measure actual performance: (1) periodic management reviews, (2) formal audits of operations, (3) expansion and refinement of our performance measurement system, and (4) systematic sampling of measurement system effectiveness. In FY 1999 we deployed our agency-wide Performance Measurement and Reporting System (PMRS). This system allows us to define and consistently measure data critical to the analysis of our performance objectives. Every year we improve and expand the system further so that our strategic performance is measured using more of a balanced scorecard approach for tracking cycle times, quality, productivity, cost, and customer satisfaction for our products and services. This report also updates some of our FY 2004 statistics that were corrected as a result of these improvements. These ongoing refinements indicate that this annual report, our annual plans, and our Strategic Plan are living documents and an integral part of our operations.

In our continuous effort to improve our performance measurement program, we recently completed a two-year project to upgrade PMRS. We are taking advantage of web infrastructure to collect our performance data from the more than 70 organizational units that send data to PMRS from all over the country. We also are using newer, more robust, enterprise-level databases to store the data and extract reports, instead of the high-maintenance desktop databases previously used. This upgrade enables us to collect our performance data more consistently and more efficiently and allows us to store much more data for use in analyzing trends.

We have also implemented a program management system (PROMT) to help us control the cost and schedule for the Electronic Records Archives (ERA) program. We have expanded the use of PROMT throughout NARA to help us improve our capabilities for managing and tracking performance on other projects. PROMT integrates several commercial off-the-shelf program management tools in a Windows-based web environment to help us schedule and link project activities, assign resources, collect and report costs, calculate earned value, and analyze impacts and risks to the ERA program. PROMT incorporates an EIA-748 compliant tool that meets Office of Management and Budget (OMB) and Government Accountability Office (GAO) requirements for calculating earned value.

## FY 2005 Performance by Strategic Goal

### *Strategic Goal 1: Records Management*

*Essential evidence is created, identified, appropriately scheduled, and managed for as long as needed.*

#### **Long-Range**

#### **Performance Targets**

1.1. By 2008, 95 percent of agencies view their records management program as a positive tool for asset and risk management.

1.2. By 2008, 95 percent of approved capital asset plans have approved records schedules by the time those systems begin creating records.

1.3. By 2008, 95 percent of customers are satisfied with NARA scheduling and appraisal services.

**FY 2005 Resources Available to Meet This Goal:** \$17,029,000; 148 FTE

#### 1.1 RECORDS MANAGEMENT REDESIGN

#### **FY 2005 Objectives**

- Deliver the results promised on 95 percent of targeted assistance partnership projects.
- Survey Federal agencies to establish baseline percentage of agencies that view their records management programs as a positive tool for asset and risk management.
- Increase by 10 percent the number of records management training participants who are taking a NARA records management course for the first time.
- Conduct a records management study.

#### **Results**

- We delivered the results promised on 100 percent of targeted assistance partnership projects.
- We increased the number of partnership projects established with Federal agencies from 361 to 372.
- We trained 3,366 Federal agency staff in records management and electronic records management.

*"The class was excellent, as were the instructors."*

- ✓ We conducted a records management study of the headquarters office of the U.S. Air Force.

*Discussion* We completed the first full year of our new records management training program, redesigned to address new trends in records management and the ongoing revolution in information technology so that agency records professionals can play an important role in process design, IT capital planning, and information and knowledge management in their agencies. With a Records Management Training Officer now part of our NARA-wide records management team, we will continue to apply adult education concepts and explore alternative delivery approaches in our training efforts.

We provided records management training to 3,366 Federal agency staff across the country this year, a 19-percent decrease from last year. The number we train each year fluctuates, depending on availability of staff to perform training and the number of Federal agency staff available to attend training. While our overall number of trainees was lower this year, 1,069 participants, 32 percent of our total, were taking a course for the first time. The increase in first-time participants is due in large part to our new, improved classes and our new records management certification program.

During the first year of our new certification program, 47 individuals successfully completed training in Federal records management and were professionally certified. The certification program is designed to raise awareness and improve effectiveness of Federal records management, increase the level of professionalism of those managing Federal records, give Federal records professionals a set of benchmarks to gauge their professional development, and give NARA the ability to better assess the effectiveness of its training program. Participants who successfully pass a series of examinations receive NARA's Certificate of Federal Records Management Training, signed by the Archivist of the United States.

We completed a study of records management practices at the headquarters of the U.S. Air Force. This first study, and others to follow, will help us identify and analyze best practices and develop Government-wide recommendations and guidance.

Targeted assistance projects are established between NARA and Federal agencies to solve specific records management problems. We established 11 new projects with Federal agencies this year. Since the program began in 1999, we have established 372 projects, completed 279 projects, and assisted 107 Federal agencies and field offices.

An example of the kind of work addressed in our targeted assistance projects was the Wildland Fire Records Project, an interagency partnership project with the Department of Agriculture Forest Service, the Department of Interior Bureau of Indian Affairs, the Department of Interior Bureau of Land Management, the Department of Interior U.S. Fish and Wildlife Service, and the Department of Interior National Park Service. The project developed records management tools to control and preserve both paper and electronic wildland fire records during a fire incident and afterwards. These tools include approved records disposition schedules that cover multiple agencies, file classification schemes, briefings, and pilot training. Briefings and training were presented to more than 500 personnel from the five Federal agencies, as well as tribal organizations and state and local agencies. These standards and tools will allow the agencies to support fire operations more effectively and protect rights and interests of stakeholders. Just as important,

**National Archives and Records Administration**  
**Performance and Accountability Report, FY 2005**

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they will allow fire agencies to permanently preserve records supporting scientific and historical research, implementation of National Fire Policy, and planning under the National Environmental Policy Act.

We intended to conduct a survey asking Federal staff how they view the role of their agency management programs during FY 2005 and are continuing to investigate cost-effective means for doing so.

| <b>Performance Data</b>   | <b>2000</b> | <b>2001</b> | <b>2002</b> | <b>2003</b> | <b>2004</b> | <b>2005</b> |
|---|-------------|-------------|-------------|-------------|-------------|-------------|
| <i>Performance target for annual percent of targeted assistance partnership projects delivering the results promised</i>  | —           | 75          | 85          | 90          | 95          | 95          |
| Annual percent of targeted assistance partnership projects delivering the results promised  | 100         | 100         | 100         | 100         | 100         | 100         |
| Annual number of targeted assistance partnership projects initiated   | 123         | 63          | 77          | 58          | 13          | 11          |
| Annual number of targeted assistance partnership projects completed   | 37          | 58          | 76          | 67          | 26          | 13          |
| Annual number of targeted assistance partnership projects completed, delivering the promised results  | 37          | 58          | 76          | 67          | 26          | 13          |
| Cumulative number of targeted assistance partnership projects initiated with Federal agencies   | 156         | 213         | 290         | 348         | 361         | 372         |
| Cumulative number of targeted assistance partnership projects completed with Federal agencies   | 39          | 97          | 173         | 240         | 266         | 279         |
| <i>Performance target for percent increase in the number of records management training participants who are taking a NARA records management course for the first time</i> |             |             |             |             |             | 10          |
| Percent of records management training participants taking a NARA records management course for the first time.   |             |             |             |             | 11          | 32          |
| Number of Federal agency staff receiving NARA training in records management and electronic records management  | 3,506       | 2,506       | 3,746       | 3,497       | 4,166       | 3,366       |
| Number of records management training participants who are taking a NARA records management course for the first time   | —           | —           | —           | —           | 442         | 1,069       |
| Number of records management training participants certified this year.   | —           | —           | —           | —           | —           | 47          |

*FY 2006 Performance Plan Evaluation* NARA's *Strategic Directions for Federal Records Management* (2003) established the strategies we are using to improve records management across the Government and achieve Goal 1. We have begun to implement these strategies through a unified NARA program to support Federal records management.

In FY 2006 and beyond, the NARA records management program will make more effective use of our resources through improved and expanded communications with stakeholders, records management guidance and training, and assistance to Federal

agencies. We are working to find ways to minimize routine records scheduling activities and to develop planning and evaluation tools and automated tools to support records management. We are exploring ways to provide agencies with modern records center services and to preserve permanent records, focusing on electronic records. We will also use our authority to inspect agency records and records management programs, to conduct studies, and to report to Congress on Federal recordkeeping.

We will develop a cost-effective approach to measure how Federal staff view their agency records management programs and plan on developing and issuing the survey in FY 2006.

We will use the results of this survey to help us determine what additional advocacy activities for Federal records management programs and training of Federal records managers are required. With our online training and a professional certification program now under way, we have seen an increase in Federal agency staff taking training for the first time. We expect this trend to continue. We also expect a steady increase in the number of people who seek professional certification.

A status of the initiatives we are undertaking is provided in the section of this report entitled "Status of NARA Records Management" on page 92. A report highlighting the progress of individual agencies in managing and preserving their records, entitled "Federal Records Management Evaluations," is available on page 96.

#### 1.2 SCHEDULES FOR CAPITAL ASSET PLANS

##### **FY 2005 Objectives**

- In coordination with OMB, develop a multi-pronged approach to embedding records management requirements into the capital planning and acquisition process.
- Conduct needs assessment of Government and IT industry for the development of select records management service components for the Federal Enterprise Architecture (FEA).
- Develop high-level requirements for candidate records management service components.
- Complete a cooperative records project for at least one FEA Business Reference Model (BRM) Subfunction.

##### **Results**

- ✓ We developed a set of high-level requirements for records management service components.
- ✓ We are participating in the Office of Personnel Management's (OPM) electronic Official Personnel File (e-OPF) project.

*Discussion* We pursued a number of avenues for institutionalizing agency incorporation of records management requirements into IT system planning, including incorporating

certain requirements in the Federal Acquisitions Regulations (FAR) and establishing a Records Management (RM) Profile in the Federal Enterprise Architecture (FEA). We identified these approaches under the auspices of the Interagency Committee on Government Information (ICGI) and through the Electronic Records Policy Working Group (ERPWG), an interagency group chaired by NARA. We met with the General Services Administration (GSA) FAR Secretariat and determined that we need to develop comprehensive programmatic guidance for use as a reference in any revision to the FAR. To fulfill this requirement, we are working on a web-based Records Management Handbook that we will deploy using the online Electronic Records Management (ERM) Toolkit. The Toolkit, scheduled for a prototype deployment in FY 2006, will be a NARA-managed Internet portal that will share ERM tools Government-wide. This year we completed a draft of the RM Profile and have vetted the draft internally and externally through a number of organizations, including the Federal Records Council.

We continued supporting the President's e-Government initiatives through the ERM Initiative, providing practical recordkeeping guidance and tools to Federal agencies for managing electronic records. NARA is partnering on this initiative with the Department of Defense, the Environmental Protection Agency, and other agencies.

We are the lead agency for the ERM Initiative project to develop records management service components. To identify core records management requirements that could be supported by records management service components, we held a series of facilitated workshops with records management and enterprise information architecture stakeholders from 18 Federal agencies, NARA subject matter experts, and industry and academic experts. These collaborative sessions resulted in a set of records management activity names, an initial high-level set of functional requirements, and a prioritized list of component activities. These requirements serve as a baseline and starting point for the procurement and development of records management service components.

NARA is using the OMB's FEA Business Reference Model (BRM) to develop cooperative records management projects for agencies with common lines of business. Our goal with these projects is to produce common records schedules, standardized records management processes, and other common products. We are participating in OPM's e-OPF project to digitize Federal employee Official Personnel Files, a project that has significant records management implications. We have commented on OPM's Detailed Requirements Analysis for NARA/National Personnel Records Center (NPRC) e-OPF and on the e-OPF Process Guidance. We are working with OPM's e-OPF policy working group to address recordkeeping requirements required by NARA and have provided them with general transfer guidance. We provided OPM with links to the applicable imaging standards published by the Association for Information and Image Management (AIIM) and the International Organization for Standardization (ISO) to ensure OPM contractors are scanning records in accordance with NARA requirements as well as industry-recognized quality conversion standards. We also began the re-appraisal of the OPF to determine the appropriate disposition recommendation. As the e-OPF project moves forward we will continue to develop relevant disposition and technical guidance.

*FY 2006 Performance Plan Evaluation* The ERM Initiative will continue to promote the expansion of Government-wide electronic records management with additional guidance products. We will work with the Department of Defense to extend the DoD 5015.2-STD

and interoperability specifications. Future transitional products will be developed under the auspices of ICGI.

| <b>Performance Data</b>   | <b>2004</b> | <b>2005</b> |
|---|-------------|-------------|
| Number of Federal Enterprise Architecture Business Reference Model sub-functions  | 153         | 163         |
| <i>Performance target for cumulative number of Federal Enterprise Architecture Business Reference Model sub-functions covered by cooperative records projects</i> | –           | 1           |
| Cumulative number of Federal Enterprise Architecture Business Reference Model sub-functions covered by cooperative records projects                               | –           | 0           |

1.3 SCHEDULING AND APPRAISAL SERVICES

**FY 2005 Objectives**

- Process records schedule items within a median time of 200 calendar days or less.
- Prototype automated workflow and collaboration tools to support the redesigned scheduling and appraisal process.
- Increase by 10 percent the number of Federal agencies that are satisfied with NARA scheduling and appraisal services.

**Results**

- We processed records schedule items within a median time of 372 calendar days.
- We prototyped automated workflow and collaboration tools to support the redesigned scheduling and appraisal process.
- We released to Federal Records Officers the results of our first customer satisfaction survey.

*Discussion* We continue working steadily on processing records schedules. Because this measure is affected by the age and item count of specific records schedules, performance tends to fluctuate and is not necessarily predictive of the effort involved in completing records schedules. A factor in our inability to meet this year's goal was the statistical impact of two schedules with substantial numbers of items that took significant amounts of time to approve. To some degree, our prioritization of work on other important records management initiatives under way this year, such as the new records management training curriculum and national records management projects, impacted our ability to process records schedules. This demand will likely continue until some of these initiatives are self-sustaining.

We worked to conclude a two-year Business Processing Reengineering effort of our records lifecycle business processes. Many of these redesigned processes will be built into the Electronic Records Archives (ERA). Using the new process models, we began to identify and further define key process business rules that need to be incorporated into the system to enable automation and support effective workflow. These business rules will be used to meet ERA build requirements, and work in support of the ERA Require-

ments Management Plan will continue into FY 2006. The achievement of the “to-be” model will take several years and will require the maturation of NARA’s enterprise architecture.

In FY 2005 the two competing ERA vendors, as part of the Systems Analysis and Design Phase, demonstrated their prototypes of the ERA system. These successful prototype demonstrations ensure that NARA will have a conceptual model to use for actual system implementation upon conclusion of this phase of development.

A 2004 survey we conducted established a baseline measurement of Federal agencies’ level of satisfaction with NARA’s scheduling and appraisal services. Over the long term, repeated surveys will demonstrate improvement in customer satisfaction with NARA’s redesigned scheduling and appraisal services. We conducted our initial survey in late FY 2004, then spent much of the past year analyzing and reporting the results of the survey. In response to the results of the survey, we reaffirmed our efforts to improve the timeliness of records schedule approvals and the utility of our scheduling guidance and announced that we will begin monthly schedules status reports to agencies to keep them informed about the progress of their records schedules throughout the approval process.

| <b>Performance Data</b>   | <b>2000</b> | <b>2001</b> | <b>2002</b> | <b>2003</b> | <b>2004</b> | <b>2005</b> |
|---|-------------|-------------|-------------|-------------|-------------|-------------|
| <i>Performance target for median time for records schedule items completed (in calendar days)</i> | –           | 260         | 240         | 225         | 220         | 200         |
| Median time for records schedule items completed (in calendar days)                               | 283         | 237         | 470         | 155         | 253         | 372         |
| Average age of schedule items at completion (in calendar days)                                    | 461         | 410         | 532         | 274         | 332         | 339         |
| Number of schedule items completed  | 5,664       | 4,728       | 9,374       | 4,686       | 3,182       | 4,260       |
| Cost per records schedule item completed  | –           | –           | –           | –           | –           | \$256       |
| Number of records schedule items completed within 120 calendar days of submission to NARA         | 1,229       | 659         | 1,999       | 1,573       | 507         | 681         |
| Percent of records schedule items completed within 120 calendar days of submission to NARA        | 22          | 14          | 21          | 34          | 16          | 15          |
| Percent of Federal agencies that are satisfied with NARA scheduling and appraisal services        | –           | –           | –           | –           | 57          | –           |

*FY 2006 Performance Plan Evaluation* We have set our FY 2006 target for closing out records schedules at a median time of 180 calendar days or less. This target reflects that only gradual change is possible now. However, with the implementation of new processes that we are addressing through the Lifecycle Business Process Reengineering and the deployment of the Electronic Records Archives, major improvements will be possible in the future.

We will repeat our customer survey in FY 2006 to measure the impact of our efforts to improve agencies’ level of satisfaction with our scheduling and appraisal services.

**Strategic Goal 2: Electronic Records**

***Electronic records are controlled, preserved, and made accessible as long as needed.***

**Long-Range  
Performance Targets**

- 2.1. By 2008, NARA's Federal Records Center Program accepts and services electronic records.
- 2.2. By 2008, 80 percent of scheduled archival electronic records are accessioned by NARA at the scheduled time.
- 2.3. By 2008, 80 percent of archival electronic records are managed at the appropriate level of service.
- 2.4. By 2008, the median time from the transfer of archival electronic records to NARA until they are available for access is 35 days or less.
- 2.5. By 2008, the per megabyte cost of managing archival electronic records through the Electronic Records Archives decreases each year.

**FY 2005 Resources Available to Meet This Goal:** \$53,196,000; 86 FTE

2.1 SERVICING ELECTRONIC RECORDS IN NARA RECORDS CENTERS

**FY 2005 Objectives**

- Enhance remote servicing capability for electronic Official Military Personnel Files for the Army.
- Establish detailed requirements for the eventual migration of electronic Official Military Personnel Files to the Electronic Records Archives (ERA) system.
- Develop Record Center Program business model for electronic records.
- Complete pilot program to store backup and inactive copies of agency electronic media in selected records center locations.
- Complete a pilot assessment for converting agency records into digital formats on electronic record media.

- Develop concept of operations and functional requirements for a Records Center Program Operations System.
- Award contract for building a Records Center Program Operations System.

**Results**

- ✓ We established detailed requirements for the eventual migration of electronic Official Military Personnel Files to ERA.
- ✓ We developed a business model for electronic records for the Federal Records Center Program.
- ✓ We developed a concept of operations and draft functional requirements for a Records Center Program Operations System.

*Discussion* Since the beginning of FY 2000, NARA's Federal Records Center Program (FRCP) has been fully reimbursable, which allows us to be more flexible in responding to agency records needs and requires us to meet those needs in a cost-effective and efficient way. Our ability to provide our records center customers with responsive services for electronic records is closely tied to our Electronic Records Archives program. Until ERA is ready and can provide online servicing, we will test the delivery of new offline services for electronic records, and we have developed a five-year action plan to pilot new services.

In cooperation with the Department of Defense Joint Requirements and Integration Office (JR&IO), we visited electronic OMPF operational sites of the Departments of the Army, Navy, Air Force, Marine Corps, and the U.S. Coast Guard (USCG) of the Department of Homeland Security. Earlier this year JR&IO staff briefed members of our staff on the Defense Integrated Military Human Resources System (DIMHRS). The military departments and the USCG completed OMPF load surveys, describing system functions, volumes, and migration time lines. We also obtained test and sample data from the system owners. As a result of these data collections and our interactions with the military departments and USCG, we produced detailed requirements for the eventual migration of electronic OMPFs.

In late FY 2004 we selected a contractor to conduct an industry market analysis and help a NARA team develop a competitive strategy for our FRCP to enter the electronic records services market. We hosted a customer focus group to validate customer wants and needs. We accepted the final draft of the business model and have begun the process to identify and analyze next steps for implementing the business plan's recommendations. We also evaluated the possibilities and advantages of the FRCP providing electronic records services to Federal agencies, including collaboration opportunities between the FRCP and other NARA lines of business.

We validated design, construction, and environmental requirements for facilities to receive and store physical media for temporary electronic records and are incorporating these requirements into our pilot assessments of the storage of electronic media. The pilot

in the Central Plains Region, Kansas City, MO, began on schedule. We finalized initial procedures for the transfer and receipt of electronic storage media and will test these procedures over the course of this pilot. Our pilot at the Washington National Records Center in Suitland, MD, is behind schedule in part because of the prior need to develop electronic media storage requirements and because we needed to ensure the financial stability of the FRCP before making a commitment of additional resources. We are now proceeding with the design work and site assessment for the Suitland location and are on track to implement this pilot in FY 2006.

We began two separate pilots to establish a basic capability to provide scanning and digital conversion services for Federal agencies. One, the Production Scanning pilot, is in a testing phase while the other pilot, SmartScan, a "scan-on-demand" service, has already moved from testing to a fee-for-service activity. We have received the preliminary pilot findings for the SmartScan pilot and we are reviewing and analyzing these findings.

Our Records Center Program Operations System (RCPOS) will be the major information resource to manage the FRCP and will help us work more effectively with our customers. We will use RCPOS to manage our records center holdings and track customer service transactions on those holdings. Our development of RCPOS is running slightly behind the aggressive schedule we set for this system. We have worked through most of the initial steps for development of RCPOS, but the need to revise some of the design documents led us to delay finalizing subsequent documents needed for system design. We were also unable to award the contract to build RCPOS this fiscal year.

*FY 2006 Performance Plan Evaluation* We will use our business model for the FRCP for electronic records services to deliver cost-effective, valuable services to our agency customers. The knowledge and experience from our pilots will be used to refine our services and prices for next year.

We will award a contract to a certified document imaging architect (CDIA) to gather and analyze findings from the two document conversion pilots. The contractor will incorporate potential and emerging conversion requirements for NARA's customers and explore production scanning as a potential service and conversion component of ERA. We will use the final pilot findings from both the Production Scan and SmartScan pilots, in conjunction with the CDIA contract deliverables, to establish a menu of scanning and digital conversion options and associated fees.

We will complete our requirements and our analysis of alternatives and award the contract to build RCPOS in early FY 2006.

## 2.2 ACCESSIONING ELECTRONIC RECORDS

### **FY 2005 Objectives**

- Establish business rules and priorities for putting legacy records control schedules into an ERA repository, and develop a plan for doing the work.
- Pre-accession two transfers of electronic records.
- Continue to identify and schedule Federal agency systems that generate electronic records.

**Results**

- ✓ We analyzed alternative approaches to put legacy records control schedules into an ERA repository.
- ✓ We identified 245 electronic systems that generate electronic records that have not been scheduled.
- ✓ We discussed pre-accessioning with six agencies.

*Discussion* We used our Resource Allocation methodology and the OMB BRM to target our assistance to Federal agencies. Last year we completed, based on the OMB BRM, an analysis of business processes, subfunctions, and agency activities across the Government, based on the OMB BRM, that are the most significant to protect legal rights, document government accountability, and preserve records that document the national experience. Using these criteria, we identified 13 business lines and 23 business subfunctions where we perceived the records to be at highest risk. We used this analysis to target our records management assistance to helping agencies with those subfunctions schedule their critical electronic records systems. We identified 245 electronic records systems this year and have developed schedules for 80 of these systems.

We discussed pre-accessioning electronic records with six agencies this year. While we have approved a schedule that calls for the near-term physical transfer of electronic records, we have not yet been able to initiate the transfer with the agency. We expect that more agencies will consider pre-accessioning once we can point to concrete examples demonstrating the advantages of this initiative.

We investigated several alternative approaches to putting legacy records control schedules into an ERA repository. Due to the scope and complexity of the work, we have postponed developing a plan for doing the work until next year.

**Performance Data**

|   | 2001 | 2002 | 2003 | 2004  | 2005   |
|---|------|------|------|-------|--------|
| Number of electronic records accessioned in one of the new transfer formats (in logical data records) | --   | --   | --   | 100   | 29,840 |
| Size of accessioning backlog (in millions of logical data records)                                    | --   | --   | --   | 529   | 369    |
| Number of electronic records transferred (in thousands of files)*                                     | 2.1  | 7.8  | 68.3 | 432.9 | --     |
| Number of electronic records transferred (in millions of logical data records)                        | --   | --   | --   | 533.6 | 85.3   |

\* Figures represent the number of files transferred to NARA. The number of electronic records transferred, in logical data records, which is the preferred unit of measure, was not available until the Accession Management Information System upgrade was completed in 2004.

*FY 2006 Performance Plan Evaluation* We will continue to survey agencies to identify unscheduled electronic systems and, using our resource allocation model, will work with agencies to get those systems under approved records schedules. We do not anticipate that we will be able to address completely our significant backlog of archival electronic

records until ERA is available. Until then, we will make workflow improvements and minor enhancements to our system capabilities in an attempt to keep up.

2.3 MANAGING ELECTRONIC RECORDS

**FY 2005 Objectives**

- Establish criteria for levels of service for archival electronic records.
- Identify and respond to results of online survey to improve customer usability of Access to Archival Databases (AAD) system.
- Add State Department cables and digital photographs to AAD.
- Improve AAD's customer satisfaction score to 65 on customer survey tool.
- Increase archival electronic holdings that are accessible online by 20 percent over prior year.
- Collect and preserve snapshots of Federal Government web sites at the end of the first Bush Presidential term.

**Results**

"The data files you have put online are absolutely fantastic."

*"I just found information about my being a POW in WWII. Thanks."*

- ✓ We established criteria for levels of service for electronic records in our holdings.
- ✓ We added digital photographs to AAD from the Federal Emergency Management Administration (FEMA).
- ✓ We increased our archival electronic holdings that are accessible online by 20 percent.
- ✓ We completed the harvest of Federal Government web sites at the end of the first Bush Presidential term.

*Discussion* In FY 2004 we learned from an online survey of customer satisfaction and from independent experts that we needed to make significant revisions to the AAD user interface. We contracted with a web designer to help us implement many of the recommendations that came out of the reports. We completed a significant amount of the redesign and testing of the new site, but software issues prevented us from launching the redesigned AAD in FY 2005. We have resolved the software issues and will launch the redesigned AAD in the first quarter of FY 2006.

Among the more than 14 million logical data records added to AAD this year are digital photographs from FEMA. We had planned to add a collection of State Department

cables, but we decided to wait until the redesigned AAD is rolled out. The redesigned site will offer enhanced searching capability that will enhance access to these cables.

To document the presence of Federal agencies on the Internet at the time the Presidential administration ended in January 2005, we took “snapshots” of Federal Government web sites. We have activated *Webharvest.gov*, the new web site for Federal Agency public web sites “harvested” as they existed prior to January 20, 2005. Through this site we provide ongoing public access to these copied web sites and will help future researchers understand how today’s Federal Government used the Internet to provide services and share information with the public.

We prepared criteria for levels of service for electronic records in our holdings. These levels of service will ensure that we establish appropriate preservation and access plans for incoming electronic records based on the content, expected reference activities, and technical characteristics of those records. By having varying levels of service, we will ensure that we provide appropriate service for all electronic records in a cost-effective manner.

| <b>Performance Data</b>  | <b>2002</b> | <b>2003</b> | <b>2004</b> | <b>2005</b> |
|--|-------------|-------------|-------------|-------------|
| <i>Performance target for percent increase in number of archival electronic holdings accessible online</i> | —           | —           | 50          | 20          |
| Percent increase in number of archival electronic holdings accessible online                               | —           | —           | 51          | 20          |
| Number of archival electronic holdings accessible online (cumulative logical data records in millions)     | 0           | 47          | 71          | 86          |
| Number of archival electronic holdings (cumulative logical data records in millions)                       | 3,714       | 4,743       | 5,629       | 8,108       |
| Percent of electronic records available online   | 0           | 1           | 1.4         | 1.1         |
| Number of online visits to AAD (in thousands of visits)  | —           | 489         | 551         | 526         |

*FY 2006 Performance Plan Evaluation* We will continue to add electronic holdings to AAD, and we will use the online customer satisfaction survey tool to evaluate the effectiveness of the redesigned AAD.

2.4 PROCESSING ELECTRONIC RECORDS

**FY 2005 Objectives**

- ❑ Process transfers of archival electronic records within a median time of 250 calendar days or less.

**Results**

- ✓ We processed archival electronic records transfers within a median time of 413 calendar days.

*Discussion* Our processing time improved from last year due to the deployment of an upgraded Accession Management Information System, which supports the overall accessioning process. We further improved our processing time through the implementation of a device that can provide unattended evaluation of 20 digital linear tapes (DLTs) at a time. We also completed a technical study to develop efficient network design for scaling our current systems and identified the various software products needed to validate the conformance of new format types acceptable to NARA. Several small

hardware and software procurements will assist us in extending the use of our existing systems until deployment of ERA.

| <b>Performance Data</b>  | <b>2001</b> | <b>2002</b> | <b>2003</b> | <b>2004</b> | <b>2005</b> |
|--|-------------|-------------|-------------|-------------|-------------|
| <i>Performance target for median time to make archival electronic accessions available for access (in calendar days)</i> | —           | —           | —           | 250         | 250         |
| Median time (in calendar days) for processing electronic records accessions from the time of transfer to NARA            | —           | —           | 450         | 736         | 413         |
| Number of electronic records transferred (in thousands of files)*  | 2.1         | 6.8         | 68.3        | 432.9       | —           |
| Number of electronic records transferred (in millions of logical data records)   | —           | —           | —           | 534         | 85.3        |
| Cost per electronic record transferred   | —           | —           | —           | \$0.01      | \$0.07      |

\* Figures represent the number of files transferred to NARA. The number of electronic records transferred, in logical data records, which is the preferred unit of measure, was not available until the Accession Management Information System upgrade was completed in 2004.

*FY 2006 Performance Plan Evaluation* We are working to implement the recommendations of a technical study to extend our network capacity, improve our Archival Preservation System (APS) software, and improve the mechanisms for electronic file transfer modes. Despite these steps, we expect significant challenges to our ability to keep up with the volume of archival electronic records transferred to NARA in the near future.

2.5 COST OF ELECTRONIC RECORDS PRESERVATION

- |                           |  |
|---------------------------|--|
| <b>FY 2005 Objectives</b> | <ul style="list-style-type: none"> <li><input checked="" type="checkbox"/> Review system requirements with competing vendors.</li> <li><input checked="" type="checkbox"/> Conduct System Design Review with competing vendors.</li> <li><input checked="" type="checkbox"/> Complete Systems Design and Analysis phase.</li> <li><input checked="" type="checkbox"/> Select development contractor for the ERA system.</li> <li><input checked="" type="checkbox"/> Complete ERA Domain Model.</li> </ul> |
| <b>Results</b>            | <ul style="list-style-type: none"> <li><input checked="" type="checkbox"/> We conducted System Requirements Reviews and System Design Reviews for the competing vendors.</li> <li><input checked="" type="checkbox"/> We have selected Lockheed Martin to develop the ERA system.</li> </ul>   |

*Discussion* Through the Electronic Records Archives (ERA), we are addressing the challenges that the Federal Government faces in economically and effectively managing,

preserving, and making available its electronic records at any time, and in any place, for as long as needed. Throughout FY 2005 we held a design competition to determine who will build ERA. We met frequently with the two competing vendors to exchange technical information and provide subject matter expertise. We responded in a timely fashion to their questions to facilitate their requirements-gathering and refinement. We produced a final Interface Requirements Document to assist the vendors with interface requirements, identified and analyzed Review Item Discrepancies for each contractor's System Requirements Specification (SyRS) and System Architecture and Design Document submissions, and conducted Systems Requirements Reviews for both contractors. We also analyzed the final SyRS to complete the requirements review for the Systems Analysis and Design phase of the design competition.

System Design Reviews for both contractors occurred in May. Our source selection evaluation teams (cost, technical, and management) prepared final contractor evaluation reports, and we awarded the development contract in September. Throughout the down-select process, we ensured there were comprehensive evaluations, fair competition, and an evaluation process with adequate rationale and justification.

To further assist us, we formed a high-level committee of recognized experts and leaders in their fields to advise and make recommendations to NARA on issues related to the development, implementation, and use of the ERA system. This Advisory Committee on the Electronic Records Archives will provide an ongoing structure for bringing together experts in computer science and information technology, archival science and records management, information science, law, history, genealogy, and education.

We continued our collaborative research efforts into issues related to the lifecycle management of electronic records that are beyond state-of-the-art information technology or state-of-the-science computer, information, or archival sciences. Our research and exploratory development activities were aligned with the work of the Subcommittee on Networking and Information Technology Research and Development program and the President's Management Council's vision of Government-wide electronic records management in support of e-Government. Specific direction to agencies encouraged research to enable preservation and utility of electronic information archives and creation of digital archives of core knowledge for research and learning, as well as being able to produce, collect, store, communicate, and share high amounts of electronic information. We continued to rely to a large extent on established R&D management capabilities in partner agencies.

We substantially completed the ERA Domain Model. This model will help our contractors better understand our requirements and ensure that the elements of ERA (the system architectures, designs, and workflows) remain consistent over the course of system development.

Overall, the number of logical data records in NARA custody increased by 44 percent over last year, an increase of more than 2 billion logical data records. It is important to recognize that all our performance today represents is the ability to take custody and copy these electronic records for preservation. The ability to preserve these records in a persistent format over time and to make these records readily accessible to the public is being addressed within the scope of the ERA program.

The cost per megabyte to manage our archival electronic holdings fell dramatically this year to \$0.72 per megabyte from last year's figure of \$4.77. This drop is the result of the large increase in the electronic holdings we have stabilized. The annual cost is divided by the cumulative total of electronic holdings, and as we have seen a dramatic increase in the electronic holdings we have stabilized (more than 2.4 billion logical data records in the past year alone) the cost per megabyte has dropped accordingly.

| <b>Performance Data</b>  | <b>2001</b> | <b>2002</b> | <b>2003</b> | <b>2004</b> | <b>2005</b> |
|--|-------------|-------------|-------------|-------------|-------------|
| <i>Performance target of percent of NARA's electronic holdings stabilized in preparation for their transfer to the Electronic Records Archives</i> | 40          | 60          | 65          | 99          | 80          |
| Percent of NARA's electronic holdings are stabilized in preparation for their transfer to the Electronic Records Archives                          | 97          | 98          | 97          | 93          | 99.7        |
| Number of logical data records in NARA's custody (in millions)   | 2,345       | 3,714       | 4,725       | 5,629       | 8,108       |
| Number of logical data records stabilized (in millions)  | 2,272       | 3,642       | 4,594       | 5,252       | 8,084       |
| Percent of Presidential logical data records managed and stabilized  | 99          | 49          | 49          | 62          | 90          |
| Number of Presidential logical data records (in millions)  | 2.2         | 35.3        | 35.3        | 35.3        | 35.3        |
| Number of Presidential logical data records stabilized (in millions)   | 2.2         | 17.3        | 17.3        | 22.1        | 31.7        |
| Per megabyte cost for stabilizing archival electronic records  | —           | —           | \$4.50      | \$4.77      | \$0.72      |

*FY 2006 Performance Plan Evaluation* Our challenge in FY 2006 is to effectively oversee the performance of the contractor working to develop the ERA system.

### **Strategic Goal 3: Access**

*Essential evidence is easy to access regardless of where it is or where users are for as long as needed.*

#### **Long-Range**

#### **Performance Targets**

3.1. By 2007, access to records and services and customer satisfaction levels meet or exceed NARA's published standards.

3.2. By 2007, 70 percent of NARA services are available online.

3.3. By 2008, 80 percent of NARA archival holdings are described in an online catalog.

3.4. By 2007, Government-wide holdings of 25-year-old or older records are declassified, properly exempted, or appropriately referred under the provisions of Executive Order 12958, as amended, through a series of ISOO-led interagency efforts.

3.5. By 2007, NARA archival holdings of 25-year-old or older records are declassified, properly exempted, or appropriately referred under the provisions of Executive Order 12958, as amended.

3.6. By 2007, 10 percent of records of a two-term President or 15 percent of records for a one-term President are open and available for research at the end of the five-year post-Presidential period specified in the Presidential Records Act.

3.7. By 2007, 90 percent of all NHPRC-assisted projects produce results promised in grant applications approved by the Commission.

**FY 2005 Resources Available to Meet This Goal:** \$146,139,000; 2,344 FTE

#### 3.1 CUSTOMER SERVICE

#### **FY 2005 Objectives**

We met or exceeded NARA's published standards for access to records and services, as noted below:

- 95 percent of written requests are answered within 10 working days;
- 90 percent of Freedom of Information Act (FOIA) requests are completed within 20 working days;

- 95 percent of requests for military service separation records at the National Personnel Records Center in St. Louis are answered within 10 working days;
- 95 percent of items requested in our research rooms are furnished within one hour of request or of scheduled pull time;
- 99 percent of customers with appointments have records waiting at the appointed time;
- 95 percent of Federal agency records reference requests in Federal records centers are ready when promised to the customer;
- 99 percent of records center shipments to Federal agencies are the records they requested;
- 80 percent of archival fixed-fee reproduction orders through the Order Fulfillment and Accounting System (OFAS) are completed in 35 working days or less;
- 95 percent of education programs, workshops, and training courses meet attendees' expectations.

**Results**

*"You have proven that outstanding customer service is not a lost art at NARA."*

*"Thanks to your conscientious employees for their professionalism in handling inquiries for our veterans and their dependents."*

*"The information that your reference archivists have led me to has been of key importance in my research."*

*"Every request I have ever sent has been met expeditiously, and with more courtesy than one might expect these days."*

- ✓ We answered 96 percent of written requests within 10 working days.
- ✓ We completed 80 percent of all FOIA requests for Federal records within 20 working days.
- ✓ We answered 88 percent of military service separation records requests within 10 working days.
- ✓ We furnished 98 percent of requested items within one hour of request or of scheduled pull time.
- ✓ We furnished records at the appointed time for 99 percent of customers with appointments.
- ✓ We had ready 97 percent of Federal agency reference requests when promised to the customer.

- "Each year new issues take priority, but your staff always rises to the occasion."  
—Member of Congress*
- ✓ Of the records we shipped to Federal agencies, 99.99 percent were the records agencies requested.
- ✓ We completed 98 percent of our archival fixed-fee reproduction orders through OFAS in 35 days or less.
- "Every speaker, every tour, every handout, every other attendee made my learning experience very challenging and satisfying."*
- ✓ Our users rated 99 percent of our public education programs and workshops as meeting their expectations.

*Discussion* Once again we met or exceeded almost all of our customer service targets. Our customers received answers to their requests for military service separation records within 10 days 88 percent of the time, a significant increase from last year's figure of 75 percent but below our goal for FY 2005. We continue to improve our performance and expect to reach our target of 95 percent in FY 2006.

While the timeliness of our responses to Freedom of Information Act (FOIA) requests improved over last year, we failed to meet our target for completing 90 percent of FOIA requests for Federal records within 20 working days. A combination of factors has remained consistent over the past several years in contributing to this. FOIA requests for military records take considerably longer than the 20-day standard if the requests are for records that were lost in the 1973 fire at the National Personnel Records Center and the data must be reconstructed from other sources, or if the records have been borrowed by another agency. Also, the extent of time to respond to a FOIA can be lengthy if the records must be referred to another agency for declassification review before releasing the information, or if the records requested are particularly voluminous. Overall, the average age of completed FOIAs declined to 18 working days in FY 2005, a significant improvement from last year.

We keep our target for FOIA response to Federal records high because we believe we should aspire to the highest level of customer service whenever possible. And, for the majority of requests, we are able to meet or exceed our target. Sixty-seven percent of the more than 8,700 FOIAs for Federal records we completed were done in 10 days or less, half the time required by law.

We continued to make steady progress in a multiyear project to microfilm the records of the Bureau of Refugees, Freedmen, and Abandoned Lands (Freedmen's Bureau) from the Reconstruction era, which contain a great deal of information about the African American family experience across 15 states and the District of Columbia. The information is difficult to extract, the records are fragile, and have only been available in one NARA location. To date, we have distributed the microfilm of these records to our regional archives and microfilm rental program for 12 states (Florida, Alabama, Arkansas, Georgia, Kentucky, Maryland, Delaware, Louisiana, Mississippi, Missouri, North Carolina, and South Carolina) and the District of Columbia, and we are on schedule to complete the project within the five-year time frame. And, with the help of a grant from the Peck Stacpoole Foundation and a partnership with Howard University's Computer Science Department, we have launched an indexing project to provide online access to

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Headquarters Marriage Certificate files, some of the most popular files in this series for genealogists.

| <b>Performance Data</b>   | <b>2000</b> | <b>2001</b> | <b>2002</b> | <b>2003</b> | <b>2004</b> | <b>2005</b> |
|---|-------------|-------------|-------------|-------------|-------------|-------------|
| <i>Performance target for written requests answered within 10 working days</i>  | 80          | 80          | 85          | 85          | 90          | 95          |
| Percent of written requests answered within 10 working days   | 92          | 93          | 93          | 94          | 95          | 96          |
| <i>Performance target for Freedom of Information Act requests completed within 20 working days</i>  | 80          | 80          | 85          | 85          | 85          | 90          |
| Percent of Freedom of Information Act requests for Federal records completed within 20 working days   | 27          | 27          | 76          | 61          | 65          | 80          |
| Number of FOIAs processed   | 8,751       | 7,634       | 8,824       | 4,830       | 5,224       | 8,881       |
| Annual cost to process FOIAs (in millions)  | —           | —           | \$1.54      | \$1.35      | \$1.43      | \$1.74      |
| Annual per FOIA cost  | —           | —           | \$175       | \$265       | \$273       | \$196       |
| <i>Performance target for requests for military service separation records at the National Personnel Records Center (NPRC) in St. Louis answered within 10 working days</i> | —           | —           | —           | —           | 70          | 95          |
| Percent of requests for military service separation records at NPRC answered within 10 working days   | —           | 7           | 40          | 37          | 75          | 88          |
| Number of military service separation records (DD-214) requests received (in thousands)   | —           | 297         | 361         | 390         | 372         | 350         |
| Average price per request for military service separation records   | —           | —           | —           | \$29.70     | \$29.70     | \$29.70     |
| <i>Performance target for requests for all military service records at NPRC answered within 10 working days</i>   | —           | 25          | 30          | 35          | —           | —           |
| Percent of requests for all military service records at NPRC answered within 10 working days  | 3           | 4           | 28          | 28          | 48          | 52          |
| <i>Performance target for items requested in our research rooms furnished within one hour of request or scheduled pull time</i>   | 95          | 95          | 95          | 95          | 95          | 95          |
| Percent of items requested in our research rooms furnished within one hour of request or scheduled pull time  | 89          | 93          | 94          | 96          | 98          | 98          |
| Number of researchers visiting our research rooms (in thousands)  | —           | —           | 248.7       | 204.5       | 168.8       | 165.6       |
| Number of items furnished in our research rooms (in thousands)  | 918         | 1,056       | 613         | 607         | 696         | 537         |
| Number of items furnished on time in our research rooms (in thousands)  | 818         | 985         | 578         | 584         | 866         | 527         |
| <i>Performance target for customers with appointments for whom records are waiting at the appointed time</i>  | 99          | 99          | 99          | 99          | 99          | 99          |
| Percent of customers with appointments for whom records are waiting at the appointed time   | 99.4        | 99.7        | 99.8        | 99.9        | 99.3        | 99.4        |

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| <b>Performance Data</b>   | <b>2000</b> | <b>2001</b> | <b>2002</b> | <b>2003</b> | <b>2004</b> | <b>2005</b> |
|---|-------------|-------------|-------------|-------------|-------------|-------------|
| <i>Performance target for Federal agency reference requests in Federal records centers that are ready when promised to the customer</i> | 90          | 90          | 90          | 90          | 90          | 95          |
| Percent of Federal agency reference requests in Federal records centers that are ready when promised to the customer                    | 79          | 93          | 92          | 94          | 96          | 97          |
| <i>Performance target for records center shipments to Federal agencies are the records they requested</i>                               | —           | 99          | 99          | 99          | 99          | 99          |
| Percent of records center shipments to Federal agencies are the records they requested  | —           | 99.99       | 99.99       | 99.99       | 99.99       | 99.99       |
| <i>Performance target for archival fixed-fee reproduction orders through OFAS are completed in 35 working days or less</i>              | —           | —           | 50          | 60          | 75          | 80          |
| Percent of archival fixed-fee reproduction orders through OFAS are completed in 35 working days or less                                 | —           | —           | 88          | 99          | 99.9        | 97.2        |
| Average per order cost to operate fixed-fee ordering  | —           | —           | —           | \$26.34     | \$29.35     | \$27.31     |
| Average order completion time (days)  | —           | —           | 20          | 14          | 9           | 12          |
| <i>Performance target for percent of education programs, workshops, and training courses meeting attendees' expectations</i>            | 90          | 90          | 95          | 95          | 95          | 95          |
| Percent of education programs, workshops, and training courses meeting attendees' expectations  | 95          | 97          | 96          | 95          | 99          | 99          |
| Number of program attendees   | 6,971       | 6,291       | 8,447       | 7,601       | 8,125       | 9,248       |

*FY 2006 Performance Plan Evaluation* For customer service targets that we currently meet, we expect to continue that trend and have increased our targets for several. For those that we have not met, we expect to see steady improvements in FY 2006.

3.2 ONLINE SERVICES

**FY 2005 Objectives**

- Ensure 50 percent of NARA services are available online.
- Align our online acquisition capabilities with the Integrated Acquisition Environment e-Government Initiative.

**Results**

*"The [redesigned Archives.gov] site is beautiful and rich in content."*

- We made 50 percent of our services available online.

*"In the past month I've ordered six pension application and land entry files and received them all within two weeks. I was amazed!"*

- We expanded *Order Online!* to allow Internet users to search for and order copies of microform products.

*Discussion* We expanded the functional capability of *Order Online!* to allow customers to perform online searches for microfilm available for purchase, viewing, or renting and to order microform products. As a sign that our online ordering capability is meeting the needs of our customers, more than 50 percent of the fixed-fee orders we receive are online orders. The application has been available to users 97 percent of the time, and more than 32,000 users have accessed the site this year.

We continue to collect public feedback about *Archives.gov* and our other web sites through our American Customer Satisfaction Index (ACSI) online surveys of our sites and major application interfaces such as our Archival Research Catalog (ARC) and Access to Archival Databases (AAD) systems. The results of these surveys helped guide the design of our web site, *Archives.gov*, to make it more helpful to our customers. In FY 2005 we redesigned *Archives.gov* to improve navigation of the site, a need indicated by our web customer satisfaction survey results. In recognition of our efforts we won “Best Practices, Best Web Design in 2005,” a peer award voted by Federal web managers throughout Government service.

Also in FY 2005 we launched web features about “The Declaration of Independence: Our National Treasure” and the Electoral College. Both features are designed to educate the public about archives and NARA’s services. The Electoral College feature, launched in October 2004, addressed interest in the 2004 Presidential election, while the “National Treasure” materials encouraged further interest from visitors intrigued by the concepts of hidden messages and exploration of records as presented in the motion picture *National Treasure*. We published online the 9/11 Commission’s recently released “Staff Monograph on the Four Flights and Civil Aviation Security” as an adjunct to the frozen public access version of the Commission’s web site, which is now a Federal record managed by NARA. We also provided online digital copies of documents from our holdings relating to Supreme Court nominee John Roberts. The timely publication of these documents online ensured the widest possible public access to these materials.

| <b>Performance Data</b>   | <b>2000</b> | <b>2001</b> | <b>2002</b> | <b>2003</b> | <b>2004</b> | <b>2005</b> |
|---|-------------|-------------|-------------|-------------|-------------|-------------|
| Online visits to NARA’s web sites (in thousands)*                       | 10,096      | 16,106      | 19,538      | 30,943      | 30,428      | 21,377      |
| Cost to provide NARA services online per visit                          | —           | —           | —           | \$0.16      | \$0.13      | \$0.17      |
| <i>Performance target for percent of NARA services available online</i> | —           | —           | 20          | 30          | 40          | 50          |
| Percent of NARA services available online                               | —           | 24          | 25          | 30          | 40          | 50          |
| Number of NARA services online  | —           | 29          | 30          | 36          | 48          | 59          |

*\*At the start of the year we upgraded the tool (WebTrends) we use to collect our online visit statistics. The new version of this product does not count agents that index our site constantly (agents from search engines, for instance). As a result, while our overall online visit count is lower this year, we have a total that better reflects the number of actual visits to our sites.*

*FY 2006 Performance Plan Evaluation* We are working on online services to be deployed in FY 2006 to ensure that we will meet our target of 60 percent of our online services online. By the end of FY 2006, customers will be able to submit an online request for copies of documents from bankruptcy, civil, criminal, and Court of Appeals case files.

3.3 ONLINE CATALOG

**FY 2005 Objectives**

- ☑ Describe 40 percent of NARA traditional holdings in the Archival Research Catalog.
- ☑ Describe 40 percent of NARA artifact holdings in the Archival Research Catalog.
- ☑ Describe 10 percent of NARA electronic holdings in the Archival Research Catalog.

**Results**

*“Great service, very public oriented, and of course that wonderful collection. Good work!”*

*“All that information at my fingertips. I will be visiting and exploring this site often in the*

- ✓ We described 42 percent of NARA traditional holdings in the Archival Research Catalog (ARC).
- ✓ We described 43 percent of NARA artifact holdings in the ARC.
- ✓ We described 31 percent of NARA electronic holdings in ARC.
- ✓ We have implemented ARC in all archival units nationwide.

*Discussion* We continued our agency-wide description work this year and now have more than 233,000 artifacts, 2.5 billion logical data records, and over 1.3 million cubic feet of traditional holdings described and searchable at the series or collection level in ARC via the Internet. The Carter Library became the first archival unit in our agency to describe 100 percent of its holdings in ARC.

**Performance Data**

|   | <b>2000</b> | <b>2001</b> | <b>2002</b> | <b>2003</b> | <b>2004</b> | <b>2005</b> |
|---|-------------|-------------|-------------|-------------|-------------|-------------|
| Percent of nationwide archival holdings described in an online catalog                  | 13.9        | 13.2        | —           | —           | —           | —           |
| Cubic feet of archival holdings (in thousands)  | 2,768       | 2,915       | —           | —           | —           | —           |
| Cubic feet of archival holdings described in an online catalog                          | 386         | 386         | —           | —           | —           | —           |
| <i>Performance target for traditional holdings in an online catalog</i>                 | —           | —           | 20          | 25          | 30          | 40          |
| Percent of traditional holdings in an online catalog                                    | —           | —           | 19          | 20          | 33          | 42          |
| Number of traditional holdings described in an online catalog (thousands of cubic feet) | —           | —           | 550         | 602         | 1,033       | 1,344       |
| Number of traditional holdings in NARA (thousands of cubic feet)                        | —           | —           | 2,890       | 3,025       | 3,157       | 3,167       |
| <i>Performance target for artifact holdings in an online catalog</i>                    | —           | —           | 20          | 25          | 30          | 40          |
| Percent of artifact holdings in an online catalog                                       | —           | —           | 19          | 17          | 40          | 43          |
| Number of artifact holdings described in an online catalog (thousands of items)         | —           | —           | 90          | 90          | 215         | 233         |

| <b>Performance Data</b>   | <b>2000</b> | <b>2001</b> | <b>2002</b> | <b>2003</b> | <b>2004</b> | <b>2005</b> |
|---|-------------|-------------|-------------|-------------|-------------|-------------|
| Number of artifact holdings in NARA (thousands of items)  | —           | —           | 470         | 528         | 540         | 544         |
| <i>Performance target for electronic holdings in an online catalog</i>                          | —           | —           | 0           | 0           | 5           | 10          |
| Percent of electronic holdings in an online catalog   | —           | —           | 0.02        | 0.02        | 10          | 31          |
| Number of electronic holdings described in an online catalog (millions of logical data records) | —           | —           | 1           | 1           | 536         | 2,539       |
| Number of electronic holdings in NARA (millions of logical data records)                        | —           | —           | 3,714       | 4,743       | 5,629       | 8,108       |
| Number of ARC users (in thousands of user hits*)  | —           | —           | 713         | 1,884       | —           | —           |
| Number of ARC users (in thousands of visits*)   | —           | —           | —           | —           | 158         | 286         |

*\* Online visits: One person using our web site is counted as one "visit." It is a count of the number of visitors to our web site, and is similar to counting the number of people who walk through our front door. In contrast, it does not count "hits," which refers to the number of files used to show the user a web page. A visit in which a user accessed a web page comprising 35 files would count as one visit and 35 hits. Counting visits is a more accurate way of showing how much use our web site is getting than counting hits.*

*FY 2006 Performance Plan Evaluation* We anticipate meeting our targets set for 2006. However, much of the description work occurring now is for larger series and collections that represent considerably more holdings and get more of our holdings into ARC quickly. As we move forward to other smaller records series or collections, representing smaller numbers of holdings, but more description work, our performance may diminish simply because the methodology for measuring our performance does not recognize the size of a series or collection. We must use this methodology, however, because until archival holdings are processed, we do not know how many series are contained in the materials.

**3.4 GOVERNMENT-WIDE DECLASSIFICATION**

**FY 2005 Objectives**

- Ensure that 25 percent of the FY 2004 baseline of Government-wide holdings of classified records 25 years old or older are declassified, properly exempted, or appropriately referred.

**Results**

- ✓ We sampled eight agencies with the largest volume of records to be reviewed to assess the level of effort expended in FY 2005.
- ✓ We analyzed agency comments and updated a draft referral standard to assist agencies in meeting the automatic declassification deadline.

*Discussion* In FY 2004 we tasked 75 agencies with developing declassification plans for how they planned to meet the requirements of Executive Order 12958, as amended. Of those tasked, 26 agencies did not need to develop plans because they had no records

subject to automatic declassification. To date, we have confirmed that 22 of the 48 agencies that have responsive records will make or are likely to make the December 31, 2006, deadline. We are engaged in a cooperative effort with the Office of the Secretary of Defense and the nine Unified Combatant Commands to ensure that they meet the deadline. We are working with the White House to ensure that the White House offices that produce Federal records not covered by the Presidential library system have declassification programs. We are also reviewing the updated declassification plans for eight agencies.

As one solution to meeting the December 31, 2006, deadline for automatic declassification, the Information Security Oversight Office (ISOO) is working on standardizing the referral process for records that need to be addressed by agencies with joint equities. We have encouraged the development of a framework for a Government-wide declassification training program and information sharing of declassification guidance through the External Referral Working Group (ERWG), an interagency working group within which the declassification community is well represented.

| <b>Performance Data</b>   | <b>2000</b> | <b>2001</b> | <b>2002</b> | <b>2003</b> | <b>2004</b> | <b>2005*</b> |
|---|-------------|-------------|-------------|-------------|-------------|--------------|
| Number of pages declassified Government-wide (in millions of pages)     | 75.0        | 100.1       | 44.4        | 43.1        | 28.4        | TBD          |
| Per page cost of Government-wide declassification                       | \$3.08      | \$2.32      | \$2.55      | \$1.25      | \$1.70      | TBD          |
| Total cost of declassification Government-wide (in millions of dollars) | \$230.9     | \$231.9     | \$112.96    | \$53.8      | \$48.3      | TBD          |

\*FY 2005 data will be collected from Federal agencies and reported to the President in 2006.

*FY 2006 Performance Plan Evaluation* Meeting the targets set forth in E.O. 12958, as amended, will be very challenging. Security concerns related to the war on terrorism may divert resources away from declassification efforts Government-wide or lead to the withholding of additional records. Agencies' cooperation is essential in identifying the records subject to automatic declassification, impediments to meeting the new deadline, and solutions to these impediments.

### 3.5 NARA DECLASSIFICATION

#### **FY 2005 Objectives**

- Ensure that 50 percent of the FY 2004 baseline of NARA archival holdings of classified records 25 years old or older are declassified, properly exempted, or appropriately referred.
- Scan 300,000 pages of Presidential archival materials eligible for declassification review as part of the Remote Archives Capture project.

#### **Results**

- We released 527,210 pages of declassified Federal records and 77,553 pages of declassified Presidential records.
- We scanned 562,502 pages of Presidential materials eligible for declassification review as part of the Remote Archives Capture project.

*Discussion* FY 2005 was the first year of operation of the Interagency Referral Center (IRC), our system designed to support the process of agency review of referred materials in Federal records that are part of the National Archives. By handling referrals through the IRC, NARA retains physical and intellectual control of the records. The IRC gives access to agency reviewers and allows us to prioritize the order in which referrals are processed so we can deal with records of high research interest in a timely manner. The IRC supports a standard method for recording agency decisions, ensuring that when NARA staff process the records for release or exemption, the agency determination will be clearly understood and NARA will avoid inadvertent releases of still sensitive information.

Our work to coordinate and support IRC activity is now the major task in our declassification program. In our first year of operation we indexed approximately 1.5 million pages for referral. We improved system performance and are gaining experience in preparing unprocessed records for the IRC. We saw a steady improvement in the amount of material processed through the IRC over the course of the year and expect continued improvement in FY 2006.

For classified materials in the Presidential library system for which we have no delegated declassification authority, we continue to work in partnership with the Central Intelligence Agency (CIA) to prepare and scan classified materials for distribution to agencies with equities in the documents.

| <b>Performance Data</b>  | <b>2000</b> | <b>2001</b> | <b>2002</b> | <b>2003</b> | <b>2004</b> | <b>2005</b> |
|--|-------------|-------------|-------------|-------------|-------------|-------------|
| Backlog of Federal records requiring declassification at start of year (in thousands)  | 52,864      | 25,029      | 20,980      | 18,980      | 25,581      | 25,020      |
| <i>Performance target for annual percent of Federal records NARA reviewed that are more than 25 years old for which NARA has declassification authority</i>      | <i>50</i>   | <i>50</i>   | <i>85</i>   | <i>90</i>   | <i>—</i>    | <i>50</i>   |
| Annual percent of Federal records NARA reviewed that are more than 25 years old for which NARA has declassification authority                                    | 15          | 9           | 12          | 7           | 2           | 2           |
| Backlog of Presidential materials requiring declassification at start of year (in thousands)   | 1,978       | 1,562       | 1,240       | 960         | 806         | 668         |
| <i>Performance target for annual percent of Presidential records NARA reviewed that are more than 25 years old for which NARA has declassification authority</i> | <i>25</i>   | <i>25</i>   | <i>85</i>   | <i>90</i>   | <i>—</i>    | <i>50</i>   |
| Annual percent of Presidential records NARA reviewed that are more than 25 years old for which NARA has declassification authority                               | 21          | 21          | 23          | 16          | 17          | 67          |
| Annual number of Federal pages reviewed (in thousands)   | 8,052       | 2,129       | 2,490       | 1,257       | 547         | 605         |
| Annual number of Federal pages declassified (in thousands)   | 3,697       | 807         | 402         | 340         | 116         | 35          |
| Annual number of Federal pages released (in thousands)   | 7,678       | 1,788       | 2,184       | 1,092       | 994         | 527         |
| Annual number of Presidential pages reviewed (in thousands)  | 416         | 322         | 280         | 154         | 138         | 449         |

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| <b>Performance Data</b>  | <b>2000</b> | <b>2001</b> | <b>2002</b> | <b>2003</b> | <b>2004</b> | <b>2005</b> |
|--|-------------|-------------|-------------|-------------|-------------|-------------|
| Annual number of Presidential pages declassified (in thousands)                          | 291         | 219         | 119         | 71          | 94          | 94          |
| Annual number of Presidential pages released (in thousands)                              | 285         | 207         | 182         | 71          | 94          | 78          |
| <i>Performance target for annual number of Presidential pages scanned (in thousands)</i> | --          | 300         | 300         | 600         | 300         | 300         |
| Annual number of Presidential pages scanned (in thousands)                               | 160         | 322         | 332         | 470         | 500         | 563         |
| Cost per page declassified (Federal and Presidential)                                    | --          | --          | --          | \$23.44     | \$24.29     | TBD         |

*FY 2006 Performance Plan Evaluation* Meeting the targets of Executive Order 12958, as amended, will be a significant challenge.

3.6 PRESIDENTIAL RECORDS

**FY 2005 Objectives**

- Process an additional 2 percent of Clinton Presidential and Vice Presidential records for opening on January 20, 2006.

**Results**

- We processed an additional 1 percent of Clinton Presidential and Vice Presidential records for opening on January 20, 2006.

*Discussion* Progress continued to be slow in processing additional records this year. We spent the first quarter of FY 2005 preparing for the dedication of the William J. Clinton Library and Museum, as the archival staff there participated in activities associated with the dedication and engaged in public outreach following the November dedication of the library. Our archival staff at Clinton worked until the opening of the exhibit locating documents and other items for the exhibit, assisting in the production of the museum orientation film, reboxing documents for display in the museum exhibit, and installing the museum exhibits. This work was essential in ensuring that the initial exhibits in the museum are based on the primary source material housed in the library. As we assessed our textual collections, we updated our holdings count to reflect more accurately the holdings in our legal custody. With the exhibit now open, we have devoted more time to the review of records and, while we have fallen short of this year's goal, have made substantial progress in preparing material for release to the public on January 20, 2006.

| <b>Performance Data</b>   | <b>2001</b> | <b>2002</b> | <b>2003</b> | <b>2004</b> | <b>2005</b> |
|---|-------------|-------------|-------------|-------------|-------------|
| <i>Performance target for cumulative percent of Clinton Presidential and Vice Presidential traditional records processed for opening January 20, 2006</i> | 1           | 3           | 3           | 5           | 5           |
| Cumulative percent of Clinton Presidential and Vice Presidential traditional records processed for opening January 20, 2006                               | 1           | 1           | 1           | 2           | 3           |
| Cumulative cubic feet of Clinton Presidential and Vice Presidential traditional records   | 28,925      | 28,925      | 37,686      | 39,049      | 34,818      |
| Cumulative cubic feet of Clinton Presidential and Vice Presidential traditional records processed for opening   | 291         | 291         | 291         | 752         | 944         |

|  |   |   |   |   |   |
|--|---|---|---|---|---|
| <i>Performance target for cumulative percent of Clinton Presidential and Vice Presidential electronic records processed for opening January 20, 2006</i> | 0 | 0 | 0 | 0 | 0 |
| <i>Performance target for cumulative percent of Clinton Presidential and Vice Presidential artifacts processed for opening January 20, 2006</i>          | 0 | 0 | 0 | 0 | 0 |

*FY 2006 Performance Plan Evaluation* We will continue to devote our resources to archival processing in FY 2006.

3.7 NHPRC GRANTS

**FY 2005 Objectives**

- ❑ 87 percent of all NHPRC-assisted projects produce results promised in grant applications approved by the Commission.

**Results**

*“The support that the NHPRC has provided us has been invaluable as we begin to create a municipal archive here in Somerville.”*

- ✓ Of the NHPRC-assisted projects completed, 85 percent produced the results promised in their grant applications.
- ✓ We have made our application packages available for online applications on the *Grants.gov* web site.

*Discussion* We fell just short of meeting our target for successful completion of our grant projects. This year we completed 107 projects, 91 of which produced the results promised in their grant applications. Roughly 40 percent of the projects were publications efforts, and approximately 60 percent were records projects. Of the 15 projects that did not produce the promised results, three of the records projects actually never got under way and, therefore, we expended no grant funding in those cases. From the work accomplished this year, more than 9,400 cubic feet of records were reported by grantees to be preserved and made accessible, and six documentary editions were published. We continued posting NHPRC grant opportunities on the Government-wide *Grants.gov* web site and made grant application forms available on our *Archives.gov* web site. We simplified the process for our grantees by accepting alternate means, such as fax, for the transmission of interim reports and requests. We have also streamlined our grant guidelines and have made our application packages available for online applications using the *Grants.gov* portal. We have also completed a business process engineering study and pursued several internal process improvements.

For a more list of NHPRC-funded grants products, visit [www.archives.gov/nhprc/products/](http://www.archives.gov/nhprc/products/).

| <b>Performance Data</b>  | <b>2000</b> | <b>2001</b> | <b>2002</b> | <b>2003</b> | <b>2004</b> | <b>2005</b> |
|--|-------------|-------------|-------------|-------------|-------------|-------------|
| <i>Performance target for percent of NHPRC grant-funded projects produced results promised in grant applications</i> | 82          | 84          | 84          | 85          | 86          | 87          |
| Percent of NHPRC grant-funded projects that produced results promised in grant applications                          | 94          | 91          | 79          | 86          | 88          | 85          |
| Number of NHPRC-assisted projects completed  | 67          | 115         | 104         | 72          | 96          | 107         |
| Number of NHPRC-assisted projects that produced the results promised   | 63          | 105         | 82          | 62          | 84          | 91          |

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| <b>Performance Data</b>  | <b>2000</b> | <b>2001</b> | <b>2002</b> | <b>2003</b> | <b>2004</b> | <b>2005</b> |
|--|-------------|-------------|-------------|-------------|-------------|-------------|
| Number of traditional records preserved and made accessible through our grants projects (in cubic feet)          | –           | –           | –           | –           | 1,803       | 9,434       |
| Number of electronic records preserved and made accessible through our grants projects (in logical data records) | –           | –           | –           | –           | 0           | 0           |
| Number of documentary editions published through our grants project (in volumes)                                 | –           | –           | –           | –           | 14          | 6           |
| Percent of NARA's grants announced on <i>Grants.gov</i>  | –           | --          | –           | –           | 100         | 100         |

*FY 2006 Performance Plan Evaluation* We anticipate meeting our target for FY 2006. However, it is important to note that the Commission and its staff are committed to projects that will stretch the archival, documentary editing, and electronic records communities, encouraging them to take risks. While this will produce many more useful products, it increases the possibility of projects being rated unsuccessful in meeting their criteria.

As we work on internal process improvements, we are poised to invest in a grants management system that uses a shared services model. We will implement the first phase of this system in FY 2006.

**Strategic Goal 4: Space and Preservation**

*All records are preserved in an appropriate environment for use as long as needed.*

**Long-Range  
Performance Targets**

- 4.1. By 2009, 100 percent of NARA's archival holdings are in appropriate space.
- 4.2. By 2009, 100 percent of NARA records centers comply with the October 2009 regulatory storage standards.
- 4.3. By 2007, 50 percent of NARA's at-risk archival holdings are appropriately treated or housed so as to retard further deterioration.

**FY 2005 Resources Available to Meet This Goal:** \$63,981,000; 151 FTE

4.1 ARCHIVAL HOLDINGS IN APPROPRIATE SPACE

**FY 2005 Objectives**

- Complete all renovations at the National Archives Building.
- Open Clinton Presidential Library.
- Complete 50-percent concept design of Roosevelt Library renovation.
- Complete 50-percent concept design of Kennedy Library renovation and addition.
- Complete construction of the Southeast Regional Archives.
- Accept final design of Pacific Alaska Regional Archives and Records Center.
- Complete facility specifications for new military personnel records center in St. Louis.
- Complete facility specifications and lease agreement for the Southwest Regional Archives.

**Results**

- ✓ We substantially completed renovation work in the National Archives Building.
- ✓ We received the 15-percent concept drawings for the Roosevelt Library renovation.
- ✓ We received the 50-percent concept drawings for the Kennedy Library renovation.

- ✓ We completed site preparation for the Pacific Alaska Regional Archives and Records Center.
- ✓ We defined the program requirements for a new National Personnel Records Center facility.
- ✓ We received a revised concept design for the Southwest Regional Archives.

*Discussion* We finished all substantial work in the renovation of the National Archives Building, our major initiative in this area. We completed all work in the base renovation contract, with only work to replace electrical systems in the archival storage areas and some refinishing on the Rotunda display cases left to complete next year.

We dedicated the Clinton Presidential Library and Museum. All archival and artifact holdings from the Clinton administration are now housed in this state-of-the-art facility that meets our storage standards. The library's exhibit is now open to visitors, and the library has its research room open with a small amount material available for research.

We also opened a new archival facility for the Southeast Region in Morrow, GA. This facility consolidates operations that were previously housed in three separate facilities in Georgia and Alabama. The facility features ample storage space, meeting our environmental storage standards and accessible facilities for our researchers and public program attendees. The move to this new facility placed over 90,000 cubic feet of regional archival records under appropriate space and environmental standards. With the relocation of these records, NARA's regional archives system went from having 9 percent of its holdings under appropriate space and environmental standards to more than 18 percent.

We defined the program requirements for a combined military and civilian personnel records center and prepared a draft plan and cost estimate for moving to a new facility. While we did not complete the final design of the Pacific Alaska Regional Archives and Records Center, we did complete the site preparation for the facility.

The Roosevelt Library renovation design moved slower than expected but should not have an adverse impact on the overall renovation. We received the 50-percent concept drawings for the renovation of the Kennedy Library and are on schedule for the remainder of this project.

Our cost per cubic foot to store our archival holdings this year was \$6.48, an increase over last year's per cubic foot cost of \$6.11. As we work to lower our storage costs while bringing more facilities into compliance with our archival storage standards, we face a number of factors that work against that goal, including rising rent costs, higher utility rates, and the costs associated with maintaining security at our facilities. We are following a strategy of leasing storage facilities separate from our public use facilities. We can realize savings by locating our public use facilities in areas where they reach the greatest number of possible users while leasing facilities designed for long-term storage in lower-cost areas.

| <b>Performance Data</b>  | <b>2003</b> | <b>2004</b> | <b>2005</b> |
|--|-------------|-------------|-------------|
| Percent of archival traditional holdings in appropriate space                | —           | 52          | 53          |
| Cubic feet of archival traditional holdings (in thousands)                   | 3,025       | 3,100       | 3,166       |
| Percent of artifact holdings in appropriate space                            | —           | 42          | 42          |
| Number of artifact holdings (in thousands)                                   | 528         | 540         | 543         |
| Percent of logical data record holdings in appropriate space                 | —           | 100         | 100         |
| Number of logical data record holdings (in millions)                         | 4,743       | 5,629       | 8,108       |
| Cost of archival storage space per cubic feet of traditional holdings stored | —           | \$6.11      | \$6.48      |

*FY 2006 Performance Plan Evaluation* We expect to continue to stay within budget and schedule targets for our facility projects.

4.2 NARA RECORDS CENTER HOLDINGS IN APPROPRIATE SPACE

**FY 2005 Objectives**

- Close Birmingham, AL, Annex.
- Close Denver, CO, Annex.
- Close Fort Worth Building 5 Annex.
- Complete lease agreement to construct a records center facility in Fort Worth, TX.
- In coordination with GSA, implement an Energy Saving Operating Plan for the Washington National Records Center.

**Results**

- We developed a facility repair plan to bring NARA records centers into compliance with regulatory storage standards by the 2009 deadline.

*Discussion* The primary thrust over the next several years must be to upgrade our records center facilities to meet 2009 regulatory storage standards or relocate to new facilities that are built to meet those standards. These standards are in place to ensure that Federal records are protected whether they are stored by NARA, another Federal agency, or the private sector. We developed a facility repair plan to bring our records centers into compliance with regulatory storage standards. This plan includes the facility assessments that will be conducted to certify that space meets required storage standards. We implemented the Energy Saving Operating Plan for the Washington National Records Center by completing the retrofit of the chiller plant and lighting in the facility.

| <b>Performance Data</b>  | <b>2000</b> | <b>2001</b> | <b>2002</b> | <b>2003</b> | <b>2004</b> | <b>2005</b> |
|--|-------------|-------------|-------------|-------------|-------------|-------------|
| Percent of NARA records center buildings certified as complying with the October 2009 regulatory storage standards | –           | –           | –           | –           | 0           | 9           |
| Volume of records center holdings (cubic feet in millions)   | 21.7        | 22.6        | 23.1        | 23.2        | 24.1        | 24.5        |
| Storage price per cubic foot for records center holdings   | \$1.96      | \$1.96      | \$2.00      | \$2.10      | \$2.16      | \$2.16      |

*FY 2006 Performance Plan Evaluation* We expect to continue to stay within budget and schedule targets for our facility projects. We will continue with certification of NARA records center buildings as we bring them into compliance with October 2009 regulatory storage standards.

4.3 PRESERVATION OF AT-RISK HOLDINGS

**FY 2005 Objectives**

- Appropriately treat or house 43 percent of NARA's at-risk archival holdings so as to retard further deterioration.
- Inventory and rehouse 8 percent of Official Military Personnel Files (OMPFs).
- ✓ We inventoried and rehoused 5 percent of OMPFs.

**Results**

*Discussion* We assess our holdings regularly to identify those records that have a high risk for deterioration, and then we preserve those records by providing storage that retards deterioration or by treating, duplicating, or reformatting records to preserve them for as long as they are needed. In FY 2005 we conducted major surveys to determine the overall condition of our holdings and entered additional records into our risk databases. We continued our positive trend of the past several years and exceeded our target this year by treating or housing 47 percent of NARA's at-risk archival holdings.

As a result of an internal review of our at-risk preservation metric, we found that we need better consistency in what is deemed at-risk so that we can better track our progress in addressing the records of highest concern. We also determined that, to get a better picture of our overall preservation challenges, we need to track those medium and low-risk records that are getting treatment. We will develop new measures and targets during FY 2006 that will better indicate where resources should be applied and how effectively we are working.

While we failed to meet our goal of 8 percent of OMPFs inventoried and rehoused by the end of the year, we did get all the physical space, information technology resources, and staff in place for this project. We were able to complete 5 percent of the OMPFs and anticipate meeting the future goals for this project.

| <b>Performance Data</b>  | <b>2000</b> | <b>2001</b> | <b>2002</b> | <b>2003</b> | <b>2004</b> | <b>2005</b> |
|--|-------------|-------------|-------------|-------------|-------------|-------------|
| <i>Performance target for percent of cumulative backlog ever treated</i>                                     | —           | 30          | 32          | 36          | 40          | 43          |
| Percent of cumulative backlog ever treated   | 25          | 28          | 32          | 35          | 41          | 47          |
| Start-of-year backlog volume of at-risk archival holdings (thousands of cubic feet)                          | 156         | 197         | 174         | 188         | 180         | 174         |
| Volume of at-risk archival holdings that received conservation treatment this year (thousands of cubic feet) | 35          | 26          | 11          | 17          | 18          | 29          |
| Cumulative volume of at-risk archival holdings in cold storage (thousands of cubic feet)                     | —           | 63          | 67          | 74          | 80          | 86          |
| Percent of start-of-year remaining backlog treated this year   | 22          | 16          | 7           | 9           | 10          | 17          |
| <i>Performance target for cumulative percent of OMPFs inventoried and rehoused.</i>                          | —           | —           | —           | —           | —           | 8           |
| Cumulative percent of OMPFs inventoried and rehoused.  | —           | —           | —           | —           | —           | 5           |

*FY 2006 Performance Plan Evaluation* Due to the volume and overall poor condition of the first accession of OMPFs, we will count the preservation of the OMPFs separately from the backlog of at-risk holdings waiting for treatment.

Significant increases in the cumulative backlog resulting from an assessment we conducted in FY 2005 may result in our inability to meet our FY 2006 target.

### **Strategic Goal 5: Infrastructure**

***NARA strategically manages and aligns staff, technology, and processes to achieve our mission.***

**Long-Range**

**Performance Targets**

5.1. By 2008, the average time a leadership position remains unfilled is 30 days or less.

5.2. By 2007, the percentages of NARA employees in underrepresented groups match their respective availability levels in the Civilian Labor Force.

5.3. By 2007, NARA accepts 100 percent of the validated legal documents submitted electronically for publication in the *Federal Register*.

5.4. By 2008, all public network applications are available 99.9 percent of the time.

**FY 2005 Resources Available to Meet This Goal:** \$34,274,000; 123 FTE

5.1 RECRUITMENT AND DEVELOPMENT

**FY 2005 Objectives**

- Expand management trainee program to four additional NARA records centers.
- Fill leadership positions in an average time of 80 days or less.
- Complete pilot course on interviewer skills and techniques.
- Revise system for tracking and monitoring the timeliness of recruitment actions.
- Revise supervisors' performance plans to establish accountability for timely recruiting and selection.
- Maintain 95 percent of staff development plans linked to strategic outcomes.
- Maintain 95 percent of employee performance plans linked to strategic outcomes.

**Results**

- We expanded the management trainee program to four additional NARA records centers.

- ✓ We filled leadership positions in an average time of 83 days.
- ✓ We completed a pilot course on interviewer skills and techniques and posted the final training products on our web site.
- ✓ We linked 92 percent of employee performance plans to strategic outcomes.
- ✓ We linked 78 percent of staff development plans to strategic outcomes.

*Discussion* We continue to pursue a variety of tactics to help us prepare our workforce for the challenges ahead. We produced a report on our recruitment challenges and opportunities and have completed a plan for implementing changes in our recruiting process. We implemented a revised system to track and monitor the timeliness of our recruitment actions. We missed our target of 80 days to fill leadership positions, but our performance has improved from last year. We issued instructions to our office heads to include in the critical elements of supervisors' performance plans the supervisor responsibility to conduct interviews and make employment selections on a timely basis.

We expanded our program to develop the next generation of records center managers throughout NARA's Federal Records Center Program to four additional records centers. The program addresses the critical issues of retention of high-performing employees, succession planning as managers leave, and the need to foster a formal management development program in the records centers. The three-year program for selected interns provides them with training, increasingly complex work assignments in a variety of records center positions, a rotation through other NARA operations, and assignment to special projects. Throughout this program, the interns work closely with other NARA professionals, who serve as mentors, as well as with each other on collaborative projects.

In FY 2005 we developed content for an *Interviewer Skills Guide* and conducted a pilot session of an "Interviewer Skills Workshop" with a group of NARA managers. These training products, designed for managers who conduct applicant interviews, prepare managers to conduct effective interviews and thereby increase the quality of selections.

We have fallen short on our targets, but the vast majority of our staff had performance plans (92 percent) and staff development plans (78 percent) linked to NARA's Strategic Plan. We performed at or better than our performance level last year, and we will continue to stress the importance of these activities as we work to make these linkages a part of all our employees' performance and development plans. While we did not meet the targets associated with these actions, the process of creating staff development plans continues to provide opportunities for employee development that did not exist before our program began. Many employees choose to enhance their current assignments through a variety of job-shadowing, cross-training, and classroom training.

| <b>Performance Data</b>   | <b>2001</b> | <b>2002</b> | <b>2003</b> | <b>2004</b> | <b>2005</b> |
|---|-------------|-------------|-------------|-------------|-------------|
| <i>Performance target for average time (in calendar days) to fill a leadership position.</i>                            |             |             |             |             | 80          |
| Average time (in calendar days) to fill a leadership position   | —           | —           | —           | 90          | 83          |
| <i>Performance target for percent of staff having performance plans that link to strategic outcomes</i>                 | 50          | 95          | 95          | 95          | 95          |
| Percent of staff having performance plans that link to strategic outcomes   | 48          | 80          | 93          | 91          | 92          |
| Number of NARA staff having performance plans that link to strategic outcomes   | 1,439       | 2,497       | 2,884       | 2,826       | 2,843       |
| <i>Performance target for percent of permanent staff having staff development plans that link to strategic outcomes</i> | —           | 50          | 95          | 95          | 95          |
| Percent of permanent staff having staff development plans that link to strategic outcomes                               | —           | 1           | 91          | 52          | 78          |
| Number of NARA staff having staff development plans that link to strategic outcomes                                     | —           | 7           | 2,435       | 1,401       | 2,073       |
| Number of NARA permanent staff  | 2,710       | 2,733       | 2,682       | 2,704       | 2,671       |

*FY 2006 Performance Plan Evaluation* We anticipate that we will meet our FY 2006 targets and expect to see continued progress toward our long-range target of filling leadership positions in an average of 30 days.

5.2 EQUAL EMPLOYMENT OPPORTUNITY

**FY 2005 Objectives**

- Ensure the percentages of NARA employees in underrepresented groups match 80 percent of their respective availability levels in the Civilian Labor Force.
- Increase the percentage of underrepresented groups in pools of applicants from which to select candidates for positions in grades 13 and above over the percentage in FY 2004.

**Results**

- We employed people in underrepresented groups so that our percentages matched at least 80 percent of the national averages in three out of six underrepresented groups.
- We increased to 95 percent underrepresented groups in pools of applicants from which to select candidates for positions in grades 13 and above.

*Discussion* NARA is committed to achieving a workforce that reflects the rich diversity of our nation, and we are pleased that we have met or exceeded our representation goals for women, Blacks, and persons with targeted disabilities. Representation of Latino-Hispanics, Asian Americans/Pacific Islanders, and American Indians/Alaskan natives, however, are below the targets we have set.

In response to this challenge and in the context of a larger effort to redesign NARA's existing recruitment strategies, we are working to identify targeted sources of highly qualified Latino-Hispanic applicants for NARA positions, to establish ongoing channels of communication with those sources, and to pursue outreach opportunities where possible.

Potential sources include colleges and universities with high concentrations of Latino-Hispanic students enrolled in history, archives, and other NARA-related programs and disciplines; Latino-Hispanic representatives of professional history, archival, or other relevant organizations or associations; and Latino-Hispanic executive groups such as the National Association for Hispanic Federal Executives. We continue to explore partnerships with organizations that can help inform the Latino-Hispanic community about the mission, work, and career benefits of the National Archives and hope to see an increase in the number of Latino-Hispanics interested in Federal careers in history and archives.

We participated again this year in the Interagency Taskforce on Hispanic Employment meeting sponsored by the Office of Personnel Management to gain best practice information from other Federal agencies who have initiated successful recruitment and hiring programs. Finally, we are looking to increase the use of our student employment programs as a mechanism for attracting Hispanic students to temporary positions within NARA. Student employment work opportunities are an excellent way to introduce students to the work of NARA and to encourage students to pursue future careers in history and archives. For example, this year we participated for the first time in the Hispanic Association of Colleges and Universities National Internship Program by sponsoring an internship placement for a student from Colorado State University, Pueblo.

| <b>Performance Data</b>   | <b>2000</b> | <b>2001</b> | <b>2002</b> | <b>2003</b> | <b>2004</b> | <b>2005</b> |
|---|-------------|-------------|-------------|-------------|-------------|-------------|
| <i>Performance target for percent of applicant pools for positions at grades GS-13 and above that contain people in underrepresented groups</i> | 49          | 64          | 75          | 79          | 90          | 93          |
| Percent of applicant pools for positions at grades GS-13 and above that contain people in underrepresented groups                               | 63          | 74          | 78          | 89          | 92          | 95          |
| Number of applicants for positions at grades GS-13 and above  | —           | —           | 1,779       | 1,177       | 1,783       | 1,570       |
| Number of applicant pools for positions in grades GS-13 and above   | 24          | 53          | 101         | 85          | 143         | 131         |
| Number of pools for positions in grades GS-13 and above that had self-identified applicants in underrepresented groups                          | 15          | 39          | 79          | 76          | 132         | 124         |
| Percent of Civilian Labor Force rate used to determine if underrepresented groups met employment target   | —           | 50          | 60          | 65          | 70          | 80          |
| Percent of employees who have received diversity training   | 19          | 27          | 52          | 72          | 66          | 62          |

| Performance Data   | 2000 | 2001 | 2002 | 2003 | 2004 | 2005 |
|--|------|------|------|------|------|------|
| Underrepresented groups of employees meeting target (checkmark indicates target met or exceeded) |      |      |      |      |      |      |
| – Women  | ✓    | ✓    | ✓    | ✓    | ✓    | ✓    |
| – Black  | ✓    | ✓    | ✓    | ✓    | ✓    | ✓    |
| – Latino-Hispanic  |      |      |      |      |      |      |
| – Asian American/Pacific Islander  | ✓    | ✓    | ✓    | ✓    | ✓    |      |
| – American Indian/Alaskan Native   | ✓    | ✓    | ✓    | ✓    | ✓    |      |
| – Targeted disability  | ✓    | ✓    | ✓    | ✓    | ✓    | ✓    |

*FY 2006 Performance Plan Evaluation* Further examination of our processes for announcing vacancies and hiring will help us determine where we are falling short in meeting our targets for certain underrepresented groups.

5.3 *FEDERAL REGISTER* PRODUCTION

**FY 2005 Objectives**

- Accept validated legal documents submitted electronically for publication in the *Federal Register* from 12 agencies.
- Manage 50 percent of all *Federal Register* documents electronically using eDOCS.
- ✓ We have 15 agencies registered with the ability to submit documents to the *Federal Register* electronically.
- ✓ We managed 22 percent of all *Federal Register* documents electronically using eDOCS.

**Results**

*Discussion* We continue to expand the availability of electronic submission of *Federal Register* documents using the Electronic Editing and Publishing System (eDOCS). We are now accepting electronic, digitally signed *Federal Register* document submissions using Certificate Authorities that are cross-certified by the public key infrastructure. To date we have registered a total of 15 agencies to be able to submit documents electronically to the *Federal Register*. We began a reconfiguration of eDOCS to improve performance. This year we used eDOCS to manage more than 7,000 documents, approximately 22 percent of our total workload this year. While we missed the target we set for FY 2005, we have seen a marked increase in the level of work managed using eDOCS. The Federal Bridge Certification Authority (FBCA), an independent Federal entity, is developing and testing applications to enable cross-certification of signatures between different Federal certifying authorities, and we expect these developments will support an increase in the use of eDOCS in FY 2006.

| Performance Data  | 2000 | 2001 | 2002 | 2003 | 2004 | 2005 |
|---|------|------|------|------|------|------|
| Performance target for percent of documents <i>Federal Register</i> manages electronically using eDOCS. |      |      |      |      |      | 50   |

| <b>Performance Data</b>  | <b>2000</b> | <b>2001</b> | <b>2002</b> | <b>2003</b> | <b>2004</b> | <b>2005</b> |
|--|-------------|-------------|-------------|-------------|-------------|-------------|
| Percent of documents <i>Federal Register</i> manages electronically using eDOCS                        | -           | -           | -           | -           | 9           | 22          |
| Number of documents NARA manages electronically using eDOCS  | -           | -           | -           | -           | 3,032       | 7,066       |
| Number of documents published in the <i>Federal Register</i>   | 31,925      | 32,036      | 33,055      | 32,066      | 32,417      | 32,429      |
| Percent of documents submitted for publication electronically  | -           | -           | -           | -           | 9           | 13          |
| Number of documents submitted for publication electronically   | -           | -           | -           | -           | 3,032       | 4,142       |
| Number of public inspection documents available to the public electronically                           | -           | -           | -           | -           | 3,032       | 9,173       |
| Number of official <i>Federal Register</i> documents retrieved online (in millions)                    | 155         | 163         | 150         | 160         | 208         | 142         |
| Number of rulemakings open for comment successfully retrieved at <i>Regulations.gov</i> (in thousands) | -           | -           | -           | 371         | 240         | 849         |

*FY 2006 Performance Plan Evaluation* We plan to accept validated legal documents submitted electronically for publication in the *Federal Register* from all agencies and manage 75 percent of all *Federal Register* documents electronically using eDOCS in FY 2006. These goals are linked to our ability to cross-certify agencies' Certificate Authorities using the FBCA. We will also continue to improve and enhance the new system and roll out the e-commerce functionality of eDOCS to more agencies. We will also continue to participate in the development of online rulemaking and interagency process integration, including partnership with the Government Printing Office (GPO).

5.4 INFORMATION TECHNOLOGY

**FY 2005 Objectives**

- Public network applications are available 97.0 percent of the time.
- Upgrade physical security of NARA's computer infrastructure at 50 percent of NARA locations.
- Implement an enterprise repository for NARA's Enterprise Architecture and associated Information Technology (IT) documentation.
- Complete development of an enterprise-wide disaster recovery plan and an enterprise-wide continuity of operations plan.
- Complete telecommunications upgrade.
- Our public network applications were available 99 percent of the time.
- We deployed an initial rollout of the NARA Enterprise Information Technology Repository.

**Results**

- ✓ We completed continuity of operations plans for our agency leadership and for continued publication of the *Federal Register*.

*Discussion* We deployed an initial rollout of NARA's Enterprise Information Technology Repository (NEITR). NEITR is a system that provides a single, centralized, authoritative source of all information assets associated with NARA's IT systems. The NEITR repository will structure and hold all authoritative IT program information and publish that information on NARA's internal web site for staff use.

We continue to install our integrated telephone system in our facilities nationwide. We completed system design and installation at the new Southeast Regional Records Center (Ellenwood, GA), the Southeast Regional Archives (Morrow, GA), and the Pacific Regional Records Center (Perris, CA). We have completed the detailed station design at our main building in Washington, DC, and are in the process of installing new telephones at all stations in the building.

We developed a plan for the physical security upgrade of the computer infrastructure in our facilities nationwide. The first task in this plan was to complete a configuration identification study to assess the present condition of our computer infrastructure. We completed this study this year. As part of this security upgrade, we have distributed server racks to 80 percent of our locations and have installed and key-locked racks at 19 of the 30 locations where server racks are currently used to make our equipment more secure in those locations.

Regarding disaster recovery and continuity of operations planning, we focused our efforts on enabling the continued NARA operations at the headquarters level and the continued publication of the *Federal Register*. We have identified the critically important functions that the agency must be able to perform if we are to continue to operate and have made these functions the basis for our continuity of operations plan. We have also developed and tested an implementation plan to define the steps and procedures that we will follow to put our continuity of operations plan in operation.

| <b>Performance Data</b>   | <b>2000</b> | <b>2001</b> | <b>2002</b> | <b>2003</b> | <b>2004</b> | <b>2005</b> |
|---|-------------|-------------|-------------|-------------|-------------|-------------|
| Percent of public network availability                                    | 99.8        | 99.9        | 99.9        | 99.9        | 100         | 99.9        |
| <i>Performance target for percent availability of public applications</i> | —           | —           | —           | —           | 96.5        | 97.0        |
| Percent of public network applications availability                       | —           | —           | —           | —           | 98.7        | 98.9        |
| Number of total hours that any public network application was unavailable | —           | —           | —           | —           | 1,047       | 923         |
| Number of network users for public applications (in millions)             | —           | —           | —           | —           | 4.4         | 6.6         |
| Cost per network user for public applications                             | —           | —           | —           | —           | \$0.29      | \$0.24      |

*FY 2006 Performance Plan Evaluation* We will continue to improve the physical security of our computer infrastructure. We will also expand our continuity of operations planning to more functions and sites in our agency.

## FY 2005 Program Evaluations

### **Strategic Goal 1: Records Management**

Office of Management and Budget, *Independent Verification and Validation of E-Government Initiatives*, August 24, 2005.

The Office of Management and Budget contracted with Altarum to undertake an independent verification and validation of e-Government initiatives to ensure that projects are compliant with Federal standards and in line with private industry. There are no recommendations associated with this report.

### **Strategic Goal 2: Electronic Records**

Government Accountability Office, GAO-05-802, *Acquisition of ERA is Progressing*, July 12, 2005.

The objective of this review was to determine (1) the extent to which NARA has achieved the ERA program's cost, schedule, and performance objectives and defined the risks to future objectives and (2) the status of NARA's efforts to address prior GAO recommendations on the ERA acquisition. The GAO carried forward four of the five prior recommendations but made no new recommendations.

### **Strategic Goal 3: Access**

Government Accountability Office, GAO Engagement 350684, *DoD/DOE's Classification Management Systems*, March 17, 2005.

GAO is examining the efficiency and effectiveness of DoD's and DOE's classification and declassification operations, including actions the departments have taken to ensure (1) compliance with applicable laws, regulations, and other official guidance; (2) that individuals authorized to classify information or manage the classification systems have been sufficiently trained to do so; and (3) that classification actions are consistently applied department-wide. A report has not been issued.

Office of Inspector General, OIG Audit Memorandum 05-20, *Review of NHPRC Grants*, July 29, 2005.

The Inspector General conducted a review of NHPRC grants. There are no recommendations associated with this audit memorandum.

#### **Strategic Goal 4: Space and Preservation**

Office of Inspector General, OIG Audit Memorandum 05-13, *Evaluation of NARA's Preservation Program*, June 22, 2005.

The Inspector General reviewed NARA's preservation program to determine whether established controls provide adequate assurance that archival records needing preservation are identified and serviced in a timely manner. Nine recommendations were made, and eight remain open.

Office of Administrative Services, *Physical Security and Life Safety Review*, February 24, 2005.

The office conducted a review of the Northeast Region records center in Pittsfield, MA. Three recommendations were made and remain open.

Office of Administrative Services, *Physical Security and Life Safety Review*, April 4, 2005.

The office conducted a review of the Eisenhower Presidential Library and Museum. One recommendation was made, which was closed in May 2005.

Office of Administrative Services, *Physical Security and Life Safety Review*, May 30, 2005.

The office conducted a review of the Pacific Region (San Francisco) archives and records center in San Bruno, CA. Three recommendations were made, of which two have been closed.

Office of Administrative Services, *Physical Security and Life Safety Review*, May 31, 2005.

The office conducted a review of the Harry S. Truman Presidential Library and Museum. One recommendation was made and remains open.

Office of Administrative Services, *Physical Security and Life Safety Review*, May 31, 2005.

The office conducted a review of the Central Plains Region Bannister Road facility in Kansas City, MO. One recommendation was made and remains open.

Office of Administrative Services, *Physical Security and Life Safety Review*, June 6, 2005.

The office conducted a review of the Lyndon Baines Johnson Presidential Library and Museum. Three recommendations were made and remain open.

Office of Administrative Services, *Physical Security and Life Safety Review*, July 26, 2005.

The office conducted a review of the William Jefferson Clinton Presidential Library. Thirteen recommendations were made and remain open.

### **Strategic Goal 5: Infrastructure**

Office of Inspector General, OIG Report 05-21, *Review of Contractor Resources Utilized on the Information Technology Support Services Contract*, September 9, 2005.

The Inspector General evaluated whether the contractor provided the appropriate resources, to determine if contractor personnel were qualified for the positions assigned, and to determine if contractor personnel had the appropriate background investigations required by the contract. Two recommendations, which remain open, were made in this report.

Office of Inspector General, OIG Audit Memorandum 05-19, *Review of Proposed Modification of the Information Technology Support Services Task Order Security Program Requirements*, July 6, 2005.

The Inspector General reviewed the appropriateness of the proposed modifications. There are no recommendations associated with this audit memorandum.

Office of Inspector General, OIG Report 05-16, *Prompt Payment Audit*, July 22, 2005.

The Inspector General reviewed compliance with the Prompt Payment rule and tested transactions to determine proper calculations. Two recommendations were made and remain open.

Office of Inspector General, OIG Report 05-15, *Audit of the Travel Card Program*, July 22, 2005.

The Inspector General reviewed operation of the travel card program to ascertain whether it is operating in conformance with applicable laws, regulations, and agency policies and procedures. Five recommendations were made and remain open.

Office of Inspector General, OIG Report 05-14, *Review of the Information Technology Support Services (ITSS) Contractor's Quality Assurance and Quality Control Program*, August 12, 2005.

The Inspector General evaluated the contractor's quality assurance and quality control program performed under the ITSS contract task order. There are two recommendations, which remain open, associated with this report.

Office of Inspector General, OIG Report 05-10, *Review of NARA's Information Technology Investment Management Decide Process Accomplished for the Novell Software Upgrade Project*, March 30, 2005.

The Inspector General reviewed this process to determine if NARA's IT Investment Management Decide Process was used to plan and approve the Novell Netware/GroupWise software upgrade project. Two recommendations were made and remain open.

Office of Inspector General, OIG Report 05-09, *Audit of NARA's Intrusion Detection System*, April 1, 2005.

The Inspector General evaluated the current intrusion detection system to determine whether adequate controls are in place to safeguard NARA's information system network and assets. Seven recommendations were made, of which five have been closed.

Office of Inspector General, OIG Report 05-07, *Audit of the National Archives Trust Representation Fund*, March 18, 2005.

The Inspector General review was to ensure that the Representational Fund is operating in compliance with pertinent laws and regulations. Three recommendations were made, all of which were closed by May 17, 2005.

Office of Inspector General, OIG Report 05-06, *Evaluation of NARA's Processes for Handling Personal Information Collected from the Public*, March 14, 2005.

The Inspector General reviewed this process to determine how NARA handles personal information it collects on selected information forms and to evaluate the adequacy of protections given to this information. One recommendation was made and remains open.

Office of Inspector General, OIG Report 05-05, *Review of Management of NARA's Help Desk*, February 23, 2005.

The Inspector General reviewed help desk services to determine if the contractor is providing services that satisfy contractual requirements and meet user expectations. One recommendation was made and remains open.

Office of Inspector General, OIG Report 05-01, *Review of NARA's Acquisition of Storage Management*, March 9, 2005.

The Inspector General reviewed NARA's purchase and implementation of Legato software to determine if it was accomplished in accordance with NARA policy. One recommendation was made and remains open.

### ***Multi-Goal Evaluations***

Office of Inspector General, OIG Report 05-08, *Evaluation of NARA's FY 2004 Management Control Program*, February 10, 2005.

The Inspector General reviewed NARA's FY 2004 Management Control Program. No recommendations were made.

Office of Inspector General, OIG Report 05-02, *Clifton Gunderson LLP (CG) Audit of the National Archives and Records Administration FY 2004 Financial Statements*, November 29, 2004.

The Inspector General contracted with Clifton Gunderson (CG) to review financial statements as well as internal controls and operations. CG made 39

recommendations, of which complete documentation has been provided to the auditors for 31 recommendations.

Office of Regional Records Services, *Program Review*, September 1, 2005.

The office conducted a program review at the Military Personnel Records Center and Civilian Personnel Records Center in St. Louis, MO. Four recommendations were issued.

Office of Presidential Libraries, *Program Review*, April 11–13, 2005.

The office conducted a program review at the Harry S. Truman Library in Independence, MO. A final report was issued on September 8, 2005.

Office of Presidential Libraries, *Program Review*, August 1–4, 2005.

The office conducted a program review at the William J. Clinton Library in Little Rock, AR. A final report was issued on September 8, 2005.

For more information about these reports, contact the Policy and Planning Staff at 301-837-1850 or by e-mail at [vision@nara.gov](mailto:vision@nara.gov).

## Status of NARA Records Management Initiatives

In FY 2005, we made substantial progress in further implementing the strategies documented in NARA's FY 2003 issuance of *Strategic Directions for Federal Records Management*. The following table provides a brief description of the strategies and specific examples of how these strategies have benefited Federal agencies in the past fiscal year.

| Specific Strategy     | Brief Description  | Benefits to agencies  |
|-----------------------|--|---|
| Appraisal             | The policy documents the strategic framework, objectives, and guidelines used to determine archival value. The policy provides general appraisal guidelines as well as guidelines for specific categories of records, including personal data records, observational data from the physical sciences, and environmental health and safety records. | <ul style="list-style-type: none"> <li>▪ We published proposed guidelines for appraising R&amp;D records of permanent value in the <i>Federal Register</i>. Revised guidelines, incorporating agency comments, will be issued in FY 2006.</li> <li>▪ We developed and internally vetted new guidance on the intrinsic value of records. The guidelines will be incorporated in the appraisal policy in FY 2006.</li> </ul>  |
| Custody               | The policy addresses the authority and responsibility of the Archivist for physical and legal custody of permanent Federal records.  | <ul style="list-style-type: none"> <li>▪ We developed procedures for processing and evaluating proposals to establish new affiliated archives.</li> <li>▪ We are in the process of considering new agency affiliates. Affiliated archives relationships allow agencies to maintain physical custody of their holdings while legal custody is maintained by NARA.</li> </ul>   |
| Mandatory Destruction | NARA has simplified the process for agencies to extend retention periods beyond the destruction date specified in the schedule.  | <ul style="list-style-type: none"> <li>▪ Regulations implementing this statutory change have been drafted and will be included as part of our overall effort to revise records management regulations.</li> </ul>   |
| Advocacy              | We are actively engaging senior Federal agency officials in discussions and meetings on the importance of records management in the Federal government.  | <ul style="list-style-type: none"> <li>▪ NARA's advocacy program has resulted in more than 90 meetings, discussions, and presentations by NARA senior officials to senior agency counterparts (i.e., Archivist and Deputy Archivist meeting with agency leaders, our CIO meeting with other CIOs, our General Counsel meeting with other General Counsels, and office to office head meetings) at other Federal agencies. As a result, senior agency officials are now better informed about records management. In particular, discussions have focused on the immediate and long-term cost benefit of building recordkeeping requirements into the development of IT systems and their ability to access authentic, reliable, and trustworthy records whenever they are needed for their business use.</li> <li>▪ We worked closely with several Federal agencies to stage COOP exercises and assist in COOP-related workshops to share information on vital records and recovery guidance for damaged records. Through these collaborations, we established important contacts with FEMA and GSA officials, resulting in enhanced coordi-</li> </ul> |

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| Specific Strategy  | Brief Description   | Benefits to agencies   |
|--|---|--|
| Training and Certification                                     | NARA has developed a national training program in Federal records management. The program broadens our venue for offering training and offers a certificate of completion in Federal records management to recognize participants' achievements in understanding core records management knowledge areas. | <p>nation and information exchanges in response to the Hurricane Katrina disaster.</p> <ul style="list-style-type: none"> <li>▪ We have expanded NARA's web site to include materials that agencies can use as the basis for their own records management training program.</li> <li>▪ We hired a training officer to ensure that NARA offices nationwide follow a uniform approach to records management training and to also ensure that our programs include the most current electronic records management tools and techniques.</li> <li>▪ We are partnering with agencies such as OPM to use tools made available through the e-Government initiatives to leverage our resources in online course offerings to Federal agencies.</li> <li>▪ We continue to conduct numerous forums on electronic records and have developed training geared to agency IT, legal, and program office staffs.</li> <li>▪ We instituted a certification program whereby Federal agency customers attending key training in specific knowledge areas can elect to take an exam. Upon completing and passing all exams, the participant is awarded a certificate of completion of Federal Records management training.</li> </ul> |
| Federal Records Center Program and Electronic Records Services | The Electronic Records Services team is establishing scanning and electronic media storage services for agency customers.   | <ul style="list-style-type: none"> <li>▪ Our Federal Records Center Program continues to progress with our e-media storage pilots. We have procured and installed multimedia storage equipment at one of our regional facilities as we continue to work toward maximizing media life expectancies.</li> <li>▪ We conducted production scan prototypes to identify requirements for upcoming pilots designed to convert large quantities of Federal Agency customers' records from paper format to electronic media.</li> <li>▪ Through our "scan on demand" pilot, we have provided customers a cost-effective service that delivers an electronic file to them on the same day as the request.</li> </ul>   |
| Flexible Scheduling  | This proposed approach to scheduling, being piloted among five agencies, allows agencies to schedule temporary records at any level of aggregation that meets their business needs.   | <ul style="list-style-type: none"> <li>▪ In partnership with the National Oceanic and Atmospheric Administration (NOAA) to pilot flexible scheduling, we approved a schedule that supports NOAA's extensive scientific and business interest in retaining data and making it available to a variety of customers on a long-term basis. This flexible schedule allows NOAA to retain more than 150 years of information on hand to serve its customers.</li> </ul>  |

| Specific Strategy                        | Brief Description   | Benefits to agencies  |
|--|---|---|
|  |   | <ul style="list-style-type: none"> <li>▪ We approved NASA's flexible schedule, which consolidates more than 180 previously scheduled and unscheduled records into 12 media neutral buckets that provide for the disposition of multiple records associated with NASA's development and administration of mission-related programs and projects. Program and project staffs have offered positive feedback on the new approach and the user friendliness and clarity of the schedule. Official schedule implementation will begin in FY 2006.</li> </ul> |
| General Records Schedules (GRS)          | The GRS efforts are designed to identify and develop additional GRSs for records that are common across Federal agencies.   | <ul style="list-style-type: none"> <li>▪ We issued a comprehensive GRS for records belonging to Temporary Commissions, Boards, Councils, and Committees. We also issued a GRS for Chief Information Officers.</li> <li>▪ We vetted draft GRS's for records relating to Aircraft Operations and Maintenance and the FAIR Act (OMB A-76).</li> <li>▪ We continued research and development of potential GRS series for Chief Financial Officers, Employee Assistance Programs, Flexiplace, and Public Key Infrastructure (PKI) records.</li> </ul>        |
| Guidance and Regulations                 | We are continuing efforts at NARA to align our guidance and regulations with changes resulting from the redesign of Federal records management.   | <ul style="list-style-type: none"> <li>▪ We revised the regulatory framework for Federal records management and began rewriting the regulations in 36 CFR XII, subchapter B. The revision reorganizes the existing regulations and will incorporate new standards resulting from changes in our recordkeeping environment and the strategies and initiatives NARA has undertaken in our redesign of Federal records management.</li> </ul>  |
| Inspections and Studies                  | Inspections are reviews of agency recordkeeping practices that focus on serious management problems. Studies are reviews of records management practices in the Federal government.   | <ul style="list-style-type: none"> <li>▪ We developed and issued Standard Operating Procedures to our National Records Management Program staff for conducting studies and inspections.</li> <li>▪ We documented recommendations to Headquarters Air Force (HAF) on HAF recordkeeping practices. HAF implemented both interim and long-range solutions in response to the recommendations.</li> </ul>   |
| Resource Allocation (Focusing Resources) | The resource allocation methodology provides a way for NARA to best use its scarce resources to provide assistance to agencies with records that are at high risk of inappropriate disposition, records with high permanent value, and records that are rated high to protect rights of citizens and accountability of the Federal Government. The benefit of the resource allocation methodology is that NARA is able to concentrate its RM assistance | <ul style="list-style-type: none"> <li>▪ We used the results of NARA's FY 2004 Government-wide resource allocation project to help identify lines of business, subfunctions, and agencies for a major e-systems scheduling and appraisal project for FY 2005.</li> </ul>  |

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| <b>Specific Strategy</b> | <b>Brief Description</b>   | <b>Benefits to agencies</b>  |
|--------------------------|--|--|
|                          | and other resources in high-priority, high-visibility Federal programs or subfunctions that are of concern to NARA's public customers.   |  |
| Targeted Assistance      | We have established partnerships with other agencies to solve specific records management problems.  | <ul style="list-style-type: none"> <li>▪ We continued to support the Interagency Wildland Fire Records Project. Through this partnership of five agencies, we jointly developed records management tools to improve the way fires are managed and to address the statutory requirements of the National Environmental Policy Act and the National Fire Policy Act. We approved records schedules covering electronic and paper records and also developed a legacy records preservation strategy.</li> </ul> |
| Reporting                | We will report to Congress and OMB regarding problems and recommended practices discovered as part of targeted assistance projects or inspections and studies that we conduct. | <ul style="list-style-type: none"> <li>▪ We conducted a benchmark study with Government agencies, university research groups, and private service providers on how business process analysis (BPA) and IT systems development can be used to support electronic recordkeeping. In FY 2006 we will train our staff and other Federal records managers on using BPA to support electronic recordkeeping.</li> </ul>  |

## Federal Records Management Evaluations

Under 44 U.S.C. 2904(c)(8), the Archivist of the United States is required to report to Congress and OMB annually on the results of records management activities. NARA fulfills this requirement through the Performance and Accountability Report. Through this report, we also highlight the progress of individual agencies in managing and preserving the documentation necessary to protect the legal and financial rights of the Government and citizens.

In FY 2005, we began to use our Resource Allocation methodology and the OMB Business Reference Model (BRM) to target our assistance to Federal agencies. In September 2004 we completed an analysis of business processes, subfunctions, and agency activities across the Government, based on the OMB BRM, to identify those that are the most significant to protect legal rights, document government accountability, and preserve records that document the national experience. Using these criteria, we identified 13 business lines and 23 business subfunctions where we perceived the records to be at highest risk.

We used this analysis to target our records management assistance to help agencies in these subfunctions schedule their critical electronic records systems. We targeted our efforts to 245 specific electronic systems and, with agency support, we developed 80 schedules to cover these systems. In FY 2006 we will work with agencies to increase the number of critical electronic records schedules by 10 percent.

In addition, we are reporting on nine Federal programs that have shown significant progress in preserving and assuring timely maximum access to the American people of our governmental records. NARA partnered with the agencies in these activities, often through targeted assistance.

### ***Office of the Secretary of Defense***

The Directives and Records Division of the Executive Services Directorate of the Department of Defense Washington Headquarters Services recognized the critical need to preserve and protect the records of the Coalitional Provisional Authority in Iraq. The Division aggressively pursued the task, going up the chain of command to get the required authority and resources. Subsequently, with two separate deployments to Baghdad, Iraq, of 12 people over 56 days, the Directives and Records Division planned, organized, and conducted the image capture of 760,424 pages, the collection of 1.5 terabytes of electronic records, and the shipment of over 300,000 pages to the Washington National Records Center.

### ***Department of the Treasury, Office of the CIO***

The Department of the Treasury is a large agency, and the Office of the Chief Information Officer promotes records management through senior-level support, the issuance of a new agency newsletter, and other public relations tools, including a successful annual Records and Information Management Month program, which includes training, managers' briefings, and exhibits.

### ***Internal Revenue Service***

The IRS records management program has coordinated the successful development of online and web-based training for over 1,000 Information Resource Coordinators. The IRS shared its web-based training with other agencies where it is being adapted to their programs. The training was influential in the development of NARA's own web-based records management training. The IRS also developed web-based records and information management procedural and process guides that are easily available and used by all employees.

### ***Department of Agriculture, Forest Service Department of the Interior, Bureau of Indian Affairs Department of the Interior, Bureau of Land Management Department of the Interior, U.S. Fish and Wildlife Service Department of the Interior, National Park Service***

The Interagency Wildland Fire Records Project was a partnership of five agencies that developed records management tools to improve the way fires are managed and to address the statutory requirements of the National Environmental Policy Act and the National Fire Policy Act. These agencies developed new standards and tools to control and preserve both paper and electronic wildland fire records both during a fire incident and afterwards. These standards and tools will allow the agencies to support fire operations more effectively and protect rights and interests of stakeholders. Just as important, they will allow fire agencies to permanently preserve records supporting scientific and historical research, implementation of National Fire Policy, and planning under the National Environmental Policy Act.

This partnership reflects the Office of Management and Budget's Business Reference Model "lines of business" by scheduling records across multiple agencies.

### ***Federal Bureau of Investigation***

The Records Automation Section of the Records Management Division developed a program to review systems for certification as electronic recordkeeping systems. The program requires close cooperation with the Office of the CIO to identify systems and develop recordkeeping requirements for the enterprise architecture, as well as with the Security Division for computer security certification and accreditation. The electronic recordkeeping system certification program is up and operating at the FBI. The Electronic Recordkeeping Certification Manual describes the process in detail and provides all the tools necessary to complete certification. It does this in a comprehensive way that can be easily adapted and adopted by other agencies.

## Performance Assessment Rating Tool Summary

### Records Services Program

As part of the FY 2005 budget, OMB evaluated NARA's records services program using the Program Assessment Rating Tool (PART). PART was established to provide a process for rating the performance of programs across the Federal Government. The chart below summarizes OMB's findings, NARA's responses, and the current status of our progress in implementing the recommendations as well as FY 2005 results for PART measures.

|   | NARA's Response to OMB's Finding   | Status of Progress   |   |
|---|--|--|---|
| 1. Develop targets for newly created unit-cost measures.  | NARA developed a standard methodology for collecting unit cost measures in FY 2004. Data was collected for the first time for many new cost measures in FY 2004 and FY 2005. Targets will be set where appropriate after-measurement methodologies are established and tested. | NARA included 13 new cost metrics in the FY 2004 performance plan and developed a methodology for collecting the data for the first time in FY 2004. These data are reported in the Performance section of this report. We are monitoring trends to determine where targets are appropriate. |   |
| 2. Produce audited financial statements.  |  | Completed.   |   |
| Selected PART Measures  | Year   | Target   | Actual  |
| Annual cost of archival storage space per cubic feet of traditional holdings                                | 2005   | No annual target   | \$6.48  |
| By 2005, 95 percent of requests for military service separation records are answered within 10 working days | 2005   | 95   | 88  |
| By 2009, 100 percent of NARA's archival holdings are in appropriate space                                   | 2005   | No annual target   | 53% traditional holdings,<br>100% electronic holdings,<br>42% artifact holdings |
| By 2009, 100 percent of NARA records centers comply with the October 2009 regulatory storage standards      | 2005   | No annual target   | 9   |

**Electronic Records Services Program**

As part of the FY 2006 budget, OMB evaluated NARA's electronic records services program using the PART. The chart below summarizes OMB's findings, NARA's responses, and the current status of our progress in implementing the recommendations, as well as FY 2005 results for PART measures.

| OMB Recommendation   | NARA's Response to OMB's Finding  |                                   | Status of Progress  |
|--|---|-----------------------------------|---|
| 1. Work on resolving the basis for its material weakness in IT security.   | We plan to complete all actions to resolve this material weakness during FY 2005.   |                                   | This material weakness was resolved during FY 2005. (See enclosure B in Appendix B, FMFIA Report, for details.)   |
| 2. Implement and utilize earned value management for acquisition of the Electronic Records Archives.   | We plan to fully implement earned value management for ERA in FY 2004.  |                                   | EVM is used in day-to-day management of the ERA program. The development contractor also is held to EVM standards and reports to NARA on a monthly basis. |
| 3. Refine its records management policies and strategies and engage with Federal agencies to continue methods of improving records management across the Federal Government. | We plan to continue implementing the strategies identified in Strategic Directions for Federal Records Management to guide, advocate, and lead the improvement of records management methods across the Federal Government. |                                   | See progress made in FY 2005 on page 96 of this report.   |
| Selected PART Measures   | Year  | Target                            | Actual  |
| Percentage of archival electronic records accessioned by NARA at the scheduled time.   | 2005  | 20%                               | TBD   |
| The per megabyte cost of managing archival electronic records through the Electronic Records Archives will decrease each year  | 2005  | Target pending development of ERA | N/A   |
| Milestone measures for development of the Electronic Records Archives in 2005 include completing design reviews and selecting a final contractor for the system.             | 2005  | Annual measures                   | Design reviews successfully completed and contractor (Lockheed Martin) selected to develop ERA.   |

## Definitions

The following provides definitions for many of the terms and concepts used in this Performance Section.

### Goal 1

#### Records Management

Targeted assistance partnership

Established with an underlying written agreement between NARA and a Federal agency to identify and agree upon a specific project or projects to solve the agency's records management problems. The agreement must take the form of a project plan, memorandum of understanding (MOU), or similar written documentation that performs the same function as a project plan. The agreement has mutually agreed-upon criteria for successful completion of the targeted assistance project or projects. An agreement can include several projects, each with its own success criteria.

Asset and risk management

Determining the value of information as a business asset in terms of its primary and secondary uses in the business process; identifying potential risks to the availability and usefulness of the information; estimating the likelihood of such risks occurring; evaluating the consequences if the risk occurs; and managing the information based on that analysis.

Records management service components (RMSC)

An application or system software that incorporates interfaces for interacting with other programs and that is made available to all Federal agencies for use in their enterprise architecture. The RMSC will provide the ability to embed records management functionality in the IT structure of the enterprise.

Records schedule

A document, having legally binding authority when approved by NARA, that provides mandatory instructions (i.e., disposition authority) for what to do with records no longer needed for current business.

Schedule item

Records subject to a specific disposition authority that appear on a records schedule.

### Goal 2

#### Electronic Records

Accession

Archival materials whose legal custody is transferred to NARA.

File units

Data files of electronic records, most often in the form of a database.

Logical data record

A set of data processed as a unit by a computer system or application independently of its physical environment. Examples: a word processing document; a spreadsheet; an e-mail message; each row in each table of a relational database or each row in an independent logical file database.

Preserved

Electronic file preservation requires that (1) the physical file containing one or more logical data records has been identified and its location, format, and internal structure(s) specified; (2) logical data records within the file are physically readable and retrievable; (3) the media, the physical files written on them, and the logical data records they contain are managed to ensure continuing accessibility; and (4) an audit trail is maintained to document record integrity.

|               |   |
|---------------|---|
| Online visits | One instance in which a person uses our web site is counted as one "visit." It is a count of the number of times our web site is accessed and is similar to counting the number of people who walk through our front door. In contrast, it does not count "hits," which refer to the number of files used to show the user a web page. A session in which a user accessed a web page comprising 35 files would count as one visit and 35 hits. Counting visits is a more accurate way of showing use of our web site. |
| Megabyte      | A measure of computer data storage capacity. A megabyte is 2 to the 20th power, or approximately a million bytes.   |
| Gigabyte      | A measure of computer data storage capacity. A gigabyte is 2 to the 30th power, or approximately a billion bytes (that is, thousand megabytes).   |
| Terabyte      | A measure of computer data storage capacity. A terabyte is 2 to the 40th power, or approximately a trillion bytes (that is, a thousand gigabytes).  |

**Goal 3**

**Access**

|                                  |   |
|----------------------------------|---|
| ARC                              | Archival Research Catalog, NARA-wide online catalog.  |
| User hits                        | The number of files used to show the user a web page. This is not the preferred method for measuring web usage. Counting online visits is more accurate and became available for ARC in 2004.   |
| Traditional holdings             | Books, papers, maps, photographs, motion pictures, sound and video recordings, and other documentary material that are not stored on electronic media.  |
| Artifact holdings                | Three-dimensional objects made, modified, or used by humans.  |
| Electronic holdings              | Records on electronic storage media.  |
| Inventory                        | A listing of the volume, scope, and complexity of an organization's records.  |
| Written requests                 | Requests for services that arrive in the form of letters, faxes, e-mail messages, and telephone calls that have been transcribed. Excludes Freedom of Information Act requests, personnel information requests at the National Personnel Records Center, Federal agency requests for information, fulfillment of requests for copies of records, requests for museum shop products, subpoenas, and special access requests. |
| Federal agency reference request | A request by a Federal agency to a records center for the retrieval of agency records. Excludes personnel information requests at the National Personnel Records Center.  |
| Classified document review       | A review by ISOO of an Executive branch agency to identify inconsistencies in the application of classification and marking requirements of Executive Order 12958. The results of the review along with any appropriate recommendations for improvement are reported to the agency head or agency senior official for the program.  |
| Program review                   | An evaluation of selected aspects of an executive branch agency's security classification program to determine whether an agency has met the requirements of Executive Order 12958. The review may include  |

security education and training, self-inspections, declassification, safeguarding, and classification activity. The results of a review, along with any appropriate recommendations for improvement, are reported to the agency senior official or agency head.

Equity-holding agency A Federal agency that may have classified information in a document, whether or not it created the document. Without declassification guidelines, only the equity-holding agency can declassify information in the document.

**Goal 4**

**Space and Preservation**

Appropriate space Storage area that meets physical and environmental standards for the type of materials stored there.

At-risk Records that have a media base near or at the point of deterioration, to such an extent that the image or information in the physical media of the record is being or soon will be lost, or records that are stored on media accessible only through obsolete or near-obsolete technology.

**Goal 5**

**Infrastructure**

Staff development plan An individualized plan to enhance employees' knowledge, skills, and abilities and improve performance in their current jobs or of duties outside their current jobs, in response to organizational needs and human resource plans.

Applicant Anyone who has applied for a specific position.

Underrepresented groups Groups of people tracked by the U.S. Equal Employment Opportunity Commission: Minority groups (Black, Latino-Hispanic, Asian/Pacific Islander, and American Indian/Alaskan Native); Women; People with Disabilities.

NARANET A collection of local area networks installed in 36 NARA facilities that are connected to a wide area network at Archives II, using frame relay telecommunications, and then to the Internet. NARANET includes personal computers with a standardized suite of software. NARANET was designed to be modular and scalable using standard hardware and software components.

## PART 3 FINANCIAL SECTION

### A Message from the Chief Financial Officer



I am pleased to present the National Archives and Records Administration's (NARA) financial statements for fiscal year 2005.

This is the second year that NARA prepared and submitted audited financial statements in accordance with the Chief Financial Officer's Act of 1990, as mandated by the Accountability of Tax Dollars Act of 2002. Our independent auditor has rendered a qualified opinion on our FY 2005 financial statements, attesting to the fact that our financial statements are presented fairly with the exception of such adjustments, if any, for obligations and outlays related to non-Federal investments. NARA continued to make significant improvements as we further refined the processes of gathering required data for the financial statements and addressed internal controls weaknesses identified in last year's audit.

Deficiencies in the current provider's financial system remained a major obstacle to obtaining timely, accurate financial information as NARA continued to expend significant effort on cleansing accounting records in order to prepare auditable financial statements and other external reports to the Office of Management and Budget (OMB).

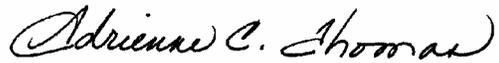
To address these long-standing issues, in FY 2004 NARA management contracted with a new financial system provider with implementation planned for the inception of FY 2006. While we anticipate that this change will result in significant improvements to NARA's accounting processes, financial reporting, and internal controls, the conversion process itself was an additional formidable challenge during FY 2005.

That notwithstanding, most of the audit material weaknesses have been addressed during FY 2005 or are well on the way to completion. Some that remain, such as compliance with United States Standard General Ledger (USSGL), are contingent on our pending conversion to the new financial system in FY 2006. Yet others, such as management and accounting for property, plant, and equipment and a single integrated financial management system, are on a longer time frame requiring some culture change as appropriate management processes are developed, implemented and enforced across NARA organization.

We are very proud of all NARA staff for meeting the accelerated reporting dates mandated by OMB, while developing new business processes, overcoming the challenges of the current system's deficiencies, implementing the new financial system and fully addressing 33 out of 39 recommendations from last year's audit.

While NARA has made significant progress in FY 2005, challenges remain as NARA works to further improve financial management processes and internal controls, and address longer term audit weaknesses, so it can ultimately achieve a clean bill of financial health, an unqualified audit opinion. While this will be a longer-term process, if the

experience of the agencies initially subject to the Chief Financial Officer's Act can be used as a measure, NARA has made good strides to improved financial management.



Adrienne C. Thomas  
Assistant Archivist for Administration and  
Chief Financial Officer

## Auditor's Reports

### *Inspector General's Summary*

NATIONAL ARCHIVES AND RECORDS ADMINISTRATION  
ANNUAL FINANCIAL STATEMENT  
FISCAL YEAR 2005

OFFICE OF THE INSPECTOR GENERAL  
COMMENTARY AND SUMMARY

This audit report contains the Annual Financial Statement of the National Archives and Records Administration (NARA) for the fiscal year ended September 30, 2005. We contracted with the independent certified public accounting firm of Clifton Gunderson, LLP (CG) to perform the audit. The contract required the audit be done in accordance with U.S. generally accepted auditing standards and OMB's bulletin, *Audit Requirements for Federal Financial Statements*, and GAO/PCIE *Financial Audit Manual*.

In its audit of NARA's financial statements, CG issued a qualified opinion for the effects of adjustments, if any, as might have been necessary had they been able to perform adequate audit procedures on obligations and outlays related to investment. NARA did not record obligations and outlays for purchases and redemption in its non-federal investments, as required by OMB Circular A-11, *Preparation, Submission, and Execution of Budget*.

CG reported a material weakness<sup>1</sup> in investments and four reportable conditions<sup>2</sup>. The reportable conditions are in information technology, financial reporting, payroll, and property plant and equipment.

In its Report on Compliance with Laws and Regulations, CG states NARA's financial management systems did not substantially comply with Federal financial management systems requirements and the United States Standard General Ledger at the transaction level.

In connection with the contract, we reviewed CG's report and related documentation and inquired of its representatives. Our review, as differentiated from an audit in accordance with U.S. generally accepted government auditing standards, was not intended to enable use to express, as we do not express, an opinion on NARA's financial statements or conclusions about the effectiveness of internal control or on whether NARA's financial management system substantially complied with FFMTA; or conclusions with laws and regulations. CG is responsible for the attached auditor's report dated November 3, 2005 and the conclusions expressed in the report. However, our review disclosed no instances where CG did not comply, in all material respects, with generally accepted government auditing standards.

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<sup>1</sup>A material weakness is a condition in which the design or operations of one or more of the internal control components does not reduce to a relatively low level the risk that misstatements caused by error or fraud in amount that would be material in relation to the financial statements may occur and not be detected within a timely period by employees in the normal course of performing their assigned functions.

<sup>2</sup>Reportable conditions are significant deficiencies in the design or operation of internal control that could adversely affect the entity's ability to record, process, summarize, and report financial data consistent with the assertions of management in the financial statements.

## Independent Auditor's Report



### Independent Auditor's Report

To the Inspector General of the  
National Archives and Records Administration

We have audited the consolidated balance sheets of National Archives and Records Administration (NARA) as of September 30, 2005 (fiscal year 2005) and 2004 (fiscal year 2004), and the related consolidated statements of net cost, changes in net position, financing, and combined statement of budgetary resources for the years then ended (collectively the financial statements). These financial statements are the responsibility of NARA's management. Our responsibility is to express an opinion on these financial statements based on our audits

Except as discussed in the following paragraphs, we conducted our audit in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and Office of Management and Budget (OMB) Bulletin No. 01-02, *Audit Requirements for Federal Financial Statements*, as amended. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statements' presentation. We believe our audits provide a reasonable basis for our opinion.

NARA did not record obligations and outlays for the activities in its non-federal investments for sale prior to their conversion to a mutual fund in September 2005 and in fiscal year 2004. In fiscal year 2004, NARA was not able to complete the review of all budgetary accounts impacted by the general ledger system deficiency. We were not able to apply adequate auditing procedures to satisfy ourselves with the recoveries of prior year obligations, direct obligations incurred and undelivered orders in the combined statement of budgetary resources and consolidated statement of financing.

In our report dated November 1, 2004, we expressed an opinion that the fiscal year 2004 financial statements did not fairly present financial position, net cost, and changes in net position, and reconciliation of net cost to budgetary obligations because we were not able to apply adequate auditing procedures to the reclassifications of expenses during the year and in the past to property, plant, and equipment asset due to inadequate supporting documentation to approximately \$53 million of internal-use software, software in development, and equipment. As described in Note 24, NARA restated its fiscal year 2004 financial statements to reflect

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adjusted balances resulting from its continuous research and validation of the expenses and recorded asset and accumulation of supporting documentation in fiscal year 2005. Accordingly, our present opinion on the fiscal year 2004 financial statements, as presented herein, is different from that expressed in previous report.

In our opinion, except for the effects of such adjustments, if any, as might have been necessary had we been able to perform adequate audit procedures on obligations and outlays related to investments referred to in the preceding paragraph in fiscal year 2005 and 2004, and the recoveries of prior year obligations, direct obligations incurred and undelivered orders in fiscal year 2004, the financial statements present fairly, in all material respects, the financial position of NARA as of September 30, 2005 and 2004, and its net cost, changes in net position, budgetary resources and reconciliation of net cost to budgetary obligations for the years then ended in conformity with accounting principles generally accepted in the United States of America.

In accordance with *Government Auditing Standards*, we have also issued our reports dated November 3, 2005 on our consideration of NARA's internal control over financial reporting, and on our tests of NARA's compliance with certain provisions of laws and regulations. The purpose of those reports is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the internal control over financial reporting or on compliance. Those reports are an integral part of our audit performed in accordance with *Government Auditing Standards* and should be considered in assessing the results of our audit.

Our audits were made for the purpose of forming an opinion on the basic financial statements taken as a whole. The Management Discussion and Analysis, required supplementary stewardship information, required supplementary information, and other accompanying information contain a wide range of data, some of which is not directly related to the financial statements. We do not express an opinion on this information. However, we compared this information for consistency with the financial statements and discussed the methods of measurement and presentation with the NARA officials. Based on this limited work, we found no material inconsistencies with the financial statements or nonconformance with OMB guidance.

*Clifton Henderson LLP*

Calverton, Maryland  
November 3, 2005



**Independent Auditor's Report on Internal Control**

To the Inspector General of the  
National Archives and Records Administration

We have audited the financial statements of the National Archives and Records Administration (NARA) as of and for the year ended September 30, 2005, and have issued our report dated November 3, 2005. In our report, our opinion was qualified for the effects of adjustments, if any, as might have been necessary had we been able to perform adequate audit procedures on investment's budgetary entries related to purchase and redemption of non-federal securities. Except as described above, we conducted our audit in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and Office of Management and Budget (OMB) Bulletin No. 01-02, *Audit Requirements for Federal Financial Statements*, as amended.

In planning and performing our audit, we considered NARA's internal control over financial reporting by obtaining an understanding of NARA's internal control, determined whether internal controls had been placed in operation, assessed control risk, and performed tests of controls in order to determine our auditing procedures for the purpose of expressing our opinion on the financial statements. We limited our internal control testing to those controls necessary to achieve the objectives described in OMB Bulletin No. 01-02. We did not test all internal controls relevant to operating objectives as broadly defined by the Federal Managers' Financial Integrity Act (FMFIA) (31 U.S.C. 3512), such as those controls relevant to ensuring efficient operations. The objective of our audit was not to provide assurance on internal control. Consequently, we do not provide an opinion on internal control.

Our consideration of the internal control over financial reporting would not necessarily disclose all matters in the internal control over financial reporting that might be reportable conditions. Under standards issued by the American Institute of Certified Public Accountants, reportable conditions are matters coming to our attention relating to significant deficiencies in the design or operation of the internal control that, in our judgment, could adversely affect the agency's ability to record, process, summarize, and report financial data consistent with the assertions by management in the financial statements. Material weaknesses are reportable conditions in which the design or operation of one or more of the internal control components does not reduce to a relatively low level the risk that misstatements caused by error or fraud in amounts that would be material in relation to the financial statements being audited may occur and not be detected within a timely period by employees in the normal course of performing their assigned functions.

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Because of inherent limitations in internal controls, misstatements, losses, or noncompliance may nevertheless occur and not be detected. However, we noted certain matters discussed in the following paragraphs involving the internal control and its operation that we consider to be reportable conditions and material weaknesses.

In addition, we considered NARA's internal control over Required Supplementary Stewardship Information by obtaining an understanding of NARA's internal control, determined whether these internal controls had been placed in operation, assessed control risk, and performed tests of controls required by OMB Bulletin No. 01-02 and not to provide assurance on these internal controls. Accordingly, we do not provide an opinion on such controls.

Finally, with respect to internal control related to performance measures reported in NARA's Performance and Accountability Report, we obtained an understanding of the design of significant internal controls relating to the existence and completeness assertions, as required by OMB Bulletin No. 01-02, as amended. Our procedures were not designed to provide assurance on internal control over reported performance measures, and, accordingly, we do not provide an opinion on such controls.

\*\*\*\*\*

NARA attained a major achievement by having its financial statements audited for the first time in fiscal year 2004. NARA continues to design and implement internal controls to strengthen its financial reporting processes. In fiscal year 2005, however, certain controls were still being designed, not yet implemented, not fully implemented, or not consistently implemented throughout the year.

**MATERIAL WEAKNESS**

**I. Investments (Modified Repeat Finding)**

In fiscal year 2004, we determined based on our review of the activities and maturities of securities, that the trust and gift funds' investments in non-federal securities were bought and held for the purpose of sale. *Federal Trust Fund Accounting Guide*, Section IV, Trust Fund Investments, issued by the Department of the Treasury, and the OMB Circular No. A-11, *Preparation, Submission and Execution of Budget*, Part 3, Section 113.4 states that "Investments in non-Federal securities are treated as a purchase of an asset, rather than as an exchange of an asset. An obligation and an outlay must be recorded for the purchase."

To avoid the accounting burden of tracking purchases and redemptions for investments in non-federal securities held for sale as required in OMB Circular No. A-11, NARA converted its investments to a mutual fund in late September 2005. Therefore, as in prior year and prior to the conversion of the investments, NARA did not record obligation and outlay for the activities in its non-federal investments held for sale. We could not

determine the impact to the statement of budgetary resources of not recording these transactions because NARA could not provide the information.

NARA's decision to convert its investments to mutual fund was based on its continuous consultation in fiscal year 2005 with OMB and the U.S. Treasury United States Standard General Ledger (USSGL) group. As a result of these consultations, OMB clarified in its recent guidance the definition related to investments in federal and non-federal securities and the U.S. Treasury USSGL group acknowledged the need for standard general ledger (SGL) transactions for non-federal securities.

**Recommendation:**

1. Continue to pursue with U.S. Treasury USSGL group the SGL transactions and accounting scenarios for accounting for investments in non-federal securities specifically in mutual funds.

**REPORTABLE CONDITIONS**

**II. Information Technology (IT)**

**A. Software Development and Change Controls**

Establishing controls over the modification of application software programs helps to ensure that only authorized programs and authorized modifications are implemented. This is accomplished by instituting policies, procedures, and techniques that help make sure all programs and program modifications are properly authorized, tested, and approved and that access to and distribution of programs is carefully controlled. Without proper controls, there is a risk that security features could be inadvertently or deliberately omitted or "turned off", or that processing irregularities or malicious code could be introduced.

Modifications and maintenance changes to the Records Center Program Billing System (RCPBS) do not conform to NARA's Information Technology Handbook – Operational Controls section on configuration management. Weaknesses that currently exist in NARA's controls over system modifications include the following:

- Our review of changes made to the RCPBS application during fiscal year 2005 indicate that 22% of our sample did not contain system owner approvals prior to the movement into the production environment; and
- Our review of changes made to the RCPBS application during fiscal year 2005 indicate that 47% of our sample did not contain documentation indicating testing and test plans were performed, prior to movement to production.

**Recommendations:**

2. Obtain proper approvals before moving RCPBS application changes into the production environment.
3. Document test plans and test results for all RCPBS application changes.

**B. Entity-Wide Security Program**

Effective information security management is critical to NARA's ability to ensure the reliability, availability, and confidentiality of its information assets, and thus its ability to perform its mission. If effective information security practices are not in place, NARA's data and systems are at risk of inadvertent or deliberate misuse, fraud, improper disclosure, or destruction—possibly without detection.

GAO's research of public and private sector organizations recognized as having strong information security programs shows that their programs include (1) establishing a central focal point with appropriate resources, (2) continually assessing business risks, (3) implementing and maintaining policies and controls, (4) promoting awareness, and (5) monitoring and evaluating policy and control effectiveness. (U.S. Government Accountability Office, *Executive Guide: Information Security Management, Learning From Leading Organizations*, GAO/AIMD-98-68 (Washington, D.C.: May 1998), and *Information Security Risk Assessment: Practices of Leading Organizations, A Supplement to GAO's May 1998 Executive Guide on Information Security Management*, GAO/AIMD-00-33 (Washington, D.C.: November 1999).

NARA has taken important steps to establish an effective information security program, but much remains to be done. During fiscal year 2002, the NARA Information Systems Security Officer documented and disseminated the NARA Directive 804, *IT Security Handbook*, and the NARA Directive 805, *Systems Development Life Cycle Handbook and Guide*, as well as templates to assist NARA departments with developing system security plans and the tracking system and application maintenance and changes. However, we noted weaknesses in the implementation of the program and instances of noncompliance with Federal regulations (i.e., OMB Circular A-130 and NIST Publications), as well as other IT directives, policies, procedures, and templates.

Weaknesses that currently exist in the NARA's information security program include the following:

- Plans of Actions and Milestones (POA&Ms) are not structured in compliance with OMB instructions. POA&Ms maintained by the Human Resources and

Information Systems (NH) division were determined to not include certain information required as per OMB memorandum M-04-25;

- Employee Clearance Records documentation was not available for 87% of our sample indicating removal of access privileges to IT system resource accounts.

**Recommendations:**

4. Maintain documentation of Employee Clearance Records for all departing employees, with clear identification of which system/application access has been removed.
5. Revise POA&Ms to include all required components as dictated per OMB M-04-25 instructions.

**C. Controls to Protect Its Information**

For a computerized organization like NARA, achieving an adequate level of information protection is highly dependent upon maintaining consistently effective access controls and system software controls. Access controls should limit and monitor access to computer resources (i.e., data files, application programs, and computer-related facilities and equipment) to the extent necessary to provide reasonable assurance that these resources are protected against waste, loss, unauthorized modification, disclosure, or misappropriation. Such controls include logical/technical controls, for example, security software programs designed to prevent or detect unauthorized access to sensitive data. Similarly, system software controls should limit and monitor access to powerful programs and sensitive files that control computer processing and secure the application and data supported by the system.

Our limited internal controls testing identified information protection-related weaknesses in NARA's information systems environment. These vulnerabilities expose NARA and its computer systems to risks of intrusion, subject sensitive NARA information related to its major applications to potential unauthorized access, modification, and/or disclosure, and increase the risks of fraud, waste and abuse.

Our testing has also indicated that physical and logical access controls are not effectively configured to ensure only authorized users are accessing applications, user system access is properly approved, passwords are uniformly configured, unauthorized access attempts are tracked, and access to sensitive areas is restricted to only those with a business purpose.

Weaknesses that currently exist in the NARA's access controls include the following:

- Management has not enforced Directive 804, which requires the re-certification of system users. A user recertification process was either not in place or documented

for the RCPBS, PRISM and FMIS applications, to ensure user access is still appropriate.

- Documented approvals of user access to the RCPBS application were not available for 27% of our sample;
- Documented approvals of user access to the PRISM application were not available for all (100%) users;
- An excessive number (209) of individuals have access to the computer room; many who do not need access to perform their daily job responsibilities;
- NARA is not maintaining an up to date listing of its staff accessing externally hosted applications (i.e. Financial Management Information Systems (FMIS)) and associated system permissions.
- Password parameters to limit logon attempts to the RCPBS application are not configured in accordance with parameters defined within the NARA IT Security handbook;
- Several password parameters to limit access to the PRISM application are not configured in accordance with parameters defined within the NARA IT Security handbook;
- No automated mechanism (i.e. Audit trail) is in place to associate NARS5 or PRISM application user activity to their actions (for accountability purposes) such as modification of data. Additionally, unauthorized user access attempts are not being tracked for follow up;
- Validation edits are not in place to ensure daily batch transaction data transferred from the NARS5 application to the RCPBS application are received completely and accurately; and,
- User access to Disposition Authority (DAU) master files is not being properly restricted.

**Recommendations:**

6. Ensure all current and future RCPBS and PRISM application users have documentation indicating approved access by their supervisor and system owner.
7. Review password configurations of all NARA maintained (i.e. RCPBS and PRISM) applications and applications outsourced to the Bureau of Public Debt (BPD) to ensure passwords are implemented in accordance with specifications for password usage established by NIST in Federal Information Processing Standards Publication 112, PASSWORD USAGE, and NARA's IT Security Handbook.
8. Enforce Directive 804 and ensure that user access to all NARA (i.e. PRISM and RCPBS) and Bureau of Public Debt (BPD) hosted applications are re-certified on a regular basis in a joint effort by NH and system owners.

9. Review all individuals with access to the computer room, determine if access is needed to perform their job responsibilities, and remove any access not required on either a frequent or emergency basis.
10. Modify NARS5 user permissions to restrict access to the DAU file to only those individuals who require this access in order to perform their position responsibilities.
11. Incorporate logging (of user activity and failed logon attempts) functionality within the NARS5 and PRISM applications to the extent configurable within the application. Implement a process to review these logs on a regular basis. Also, incorporate such logging and audit trails in the functional requirements/design/configuration of any replacement systems (i.e. hosted by NARA or the Bureau of Public Debt (BPD)).
12. Ensure all NARA point of contacts (POCs) for outsourced applications maintain an up-to-date documented listing of all NARA user names and permissions.
13. Implement manual or automated validation edits to ensure daily batch transaction data transferred from the NARS5 application to the RCPBS application are received completely and accurately.

#### **D. Contingency Plan**

Losing the capability to process, and protect information maintained on NARA's computer systems can significantly impact NARA's ability to accomplish its mission to serve the public. The purpose of service continuity controls is to ensure that, when unexpected events occur, critical operations continue without significant interruption or are promptly resumed.

To achieve this objective, NARA should have procedures in place to protect information resources and minimize the risk of unplanned interruptions and a plan to recover critical operations should interruptions occur. These plans should consider activities performed at NARA's general support facilities (e.g. NARA's LAN, WAN, and telecommunications facilities), as well as the activities performed by users of specific applications. To determine whether the disaster recovery plans will work as intended, NARA should establish and periodically test the capability to perform its functions in disaster simulation exercises.

Our review of NARA service continuity controls identified deficiencies that could affect NARA's ability to respond to a disruption in business operations as a result of a disaster or other long-term emergency. The deficiencies were as follows:

- The Continuity of Operations Plan (COOP) for NARA captures some but not all essential business functions for locations. Based upon our review, NARA is

responsible for the maintenance and management of records at a national level. NARA has developed a Continuity of Operations Plan (COOP) covering Archives I, Archives II, Suitland, and Federal Register. If essential business functions are not identified and considered for each NARA location, low risk functions could be potentially recovered prior to high risk business functions at a particular location. Although Agency level communications are considered within the current Disaster Recovery plan, the sequence of applications for restoration at various locations is still under evaluation.

**Recommendation:**

14. NARA should update the agency COOP plan to reflect all business functions at each NARA location.

**III. Financial Reporting**

**A. General Ledger (GL) System Setup and Posting Model Definitions**

The GL system setup and posting model definitions do not fully comply with the transactions posting models consistent with the United States Standard General Ledger (USSGL) guidance and policies when recording budget-related entries. NARA uses designated screens to record in its financial management system its budget-related entries for appropriations, apportionments and allotments. Transactions processed, however, did not post the correct entries resulting in incorrect account balances and requiring journal vouchers to reverse the incorrect entries. NARA expended a tremendous amount of time to compensate for the GL system's weaknesses and used numerous journal vouchers as a routine procedure to correct accounting entries. The extensive use of journal vouchers increases the risk of human errors and mistakes.

NARA believes that with their move to a new service provider in fiscal year 2006, the weaknesses related to the GL system setup and posting and the frequent use of journal vouchers will be corrected.

**B. Review of Obligations**

Starting towards the end of fiscal year 2004 audit, NARA implemented a supervisory review of unliquidated obligations (open items) to determine those that were valid and those that need to be deobligated. To perform this review, NARA receives from its service provider an open items report on a monthly basis and approximately one to two weeks after the month end. NARA distributes this report to its offices requesting the required review and a response three to four weeks after receipt. For reporting purposes, however, the timing of the review is such that it prevents NARA from

having its interim quarterly reports adjusted for obligations that are no longer valid. Moreover, there was no evidence that this control was consistently implemented in fiscal year 2005.

**C. Integrated Financial Management System**

A single, integrated financial management system is a unified set of financial systems linked together electronically in an efficient and effective manner to provide agency-wide financial system support. Integration means that the user is able to have one view into systems such that, at whatever level the individual is using the system, he or she can obtain needed information efficiently and effectively through electronic means. It does not necessarily mean having only one software application covering all financial management system needs within an agency. Interfaces are acceptable as long as the supporting details are maintained and are accessible to managers. Interface linkages must be electronic unless the number of transactions is so small that it is not cost beneficial to automate the interface. Easy reconciliation between systems, where interface linkages are appropriate, must be maintained to ensure data accuracy.

NARA does not have an integrated financial management system. Significant financial management systems such as the billings and related sub-systems, the cost system, the property management system and the financial reporting system are not interfaced with the GL system.

**Recommendations:**

15. Ensure that the GL system setup and posting model definitions of the new service provider is in compliance with USSGL.
16. Develop a timetable that will permit the periodic timely review of obligations to meet the timelines established for external reporting in OMB Bulletin A-136, *Financial Reporting Requirements*.
17. Continue to evaluate the functional requirements to integrate the financial reporting, billing systems, property and equipment and a cost system with the GL system and assess the degree of integration necessary to have a single, unified financial management system.

**IV. Property, Plant and Equipment (PPE)**

Internally developed and completed software are two categories of PPE that are significant to NARA's financial statements. NARA continues to develop its policies and procedures for software in development and completed software. Costs associated with

the internally developed software were not maintained in cost center designed to track the software development phases and processes to ensure compliance with the Federal accounting capitalization standard. Also, we found six of ten completed software examined that did not have certification in-service date evidencing the acceptance of the software in development as completed and the start of depreciation calculation.

One of the five standards for internal controls in *GAO Standards for Internal Control in the Federal Government* is control activities. Control activities occur at all levels and functions of the entity. They include a wide range of diverse activities such as approvals, authorizations, verifications, reconciliations, performance reviews, maintenance of security, and the creation and maintenance of related records, which provide evidence of execution of these activities as well as appropriate documentation.

**Recommendations:**

18. Finalize the policies and procedures for software in development and completed software.
19. Track costs and maintain documentation related to the various software development phases to ensure compliance with Federal accounting capitalization standard.
20. Create a certification in-service document to evidence acceptance of the software by its owner and maintain the document as support for depreciation start date.

**V. Payroll**

Internal controls over the maintenance of supporting documentation, validation and authorization of payroll related transactions need to be strengthened. Our test disclosed:

- Documentation supporting certain deductions is not maintained in employees' personnel files;
- Credit time earned or used was not recorded in the Electronic Time and Attendance Management System (ETAMS) until July 2005;
- Time and attendance (T&A) logs were not available for review for certain employees selected for testing;
- Time and Attendance Logs did not consistently include the proper validating signatures; and
- T&A reports are not consistently reconciled with Supervisory Time and Attendance Report or Leave and Earning Statement (LES).

*GAO Standards for Internal Control in the Federal Government* states that transactions and other significant events should be authorized and executed only by persons acting

within the scope of their authority. This is the principal means of assuring that only valid transactions to exchange, transfer, use or commit resources and other events are initiated or entered into.

**Recommendations:**

21. Ensure that NARA's service provider(s) are in compliance with NARA's policy of maintaining appropriate supporting records for payroll deductions authorized by the employees and have them readily available for examination.
22. Enforce the policy of recording leave earned and used in ETAMS.
23. Ensure that documentation supporting payroll transactions is properly maintained and readily available for examination.
24. Enforce the policy of signing and dating the Supervisor Time and Attendance Certification Report.
25. Periodically review and reconcile payroll related records to ensure accuracy of information.

**VI. Status of Prior Year Comments**

As required by Government Auditing Standards and OMB Bulletin No. 01-02, we have reviewed the status of NARA's corrective actions with respect to the findings and recommendations from the previous year's report on internal controls. For those items not addressed in various sections of our Independent Auditor's Report on Internal Control, summarized above, the following discusses the current status of resolutions for matters raised:

**Financial Reporting**

- **Condition:** In fiscal year 2004, NARA used spreadsheet-based applications that did not have adequate controls such as protecting cells, limiting access, and control of changes.

In fiscal year 2005, NARA implemented controls to limit access to the spreadsheets, control the changes, and protected cells to prevent inadvertent changes. Accordingly, we have removed this condition.

- **Condition:** In fiscal year 2004, NARA did not have written policies and procedures to formalize plans, methods and procedures to guide the financial statement preparation and reporting process.

In fiscal year 2005, NARA issued written policy and procedures. Accordingly, we have removed this condition.

- **Condition:** In fiscal year 2004, many account reconciliations, such as budgetary accounts, intra-governmental activities, and general property and equipment, were either not performed during the year, were not consistently or periodically performed, or were only performed in preparation for the audit.

In fiscal year 2005, NARA has performed the periodic reconciliations. Accordingly, we have removed this condition.

**Property, Plant and Equipment (PPE)**

- **Condition:** In fiscal year 2004, NARA was still in the process of identifying assets that need to be capitalized rather than expensed.  
In fiscal year 2005, NARA completed identification of its prior year assets that need to be capitalized and properly capitalized assets acquired during the year. Accordingly, we have removed this condition.

- **Condition:** In fiscal year 2004, NARA does not have monthly reconciliation procedures for all assets including heritage assets.

In fiscal year 2005, NARA developed and implemented monthly reconciliation procedures. Accordingly, we have removed this condition.

- **Condition:** In fiscal year 2004, budget requests received but were not prioritized nor scheduled were not included in the determination of the amount of deferred maintenance reported on the required supplementary information (RSI).

In fiscal year 2005, NARA formalized its condition assessment surveys and scheduled building condition assessments over a five-year cycle. Amounts estimated based on existing building condition reports were included in the deferred maintenance reported on the RSI. Accordingly, we have removed this condition.

**Software Development and Change Controls**

- **Condition:** In fiscal year 2004, we determined that NARA had implemented modifications and maintenance changes to NARANet which did not conform with NARA's System Development Life Cycle Guide to include missing approvals, and complete documentation of changes.

In fiscal year 2005, NARA updated configuration management Standard Operating Procedures (SOP's) to ensure documentation is properly completed and approved.

We randomly tested a sample of NARANet changes made during fiscal year 2005 and did not find exception. Accordingly, we have removed this condition.

**Entity-Wide Security Program**

- **Condition:** In fiscal year 2004, weaknesses existed in the certification and accreditation (C&A) process, data ownership responsibilities and procedures, utilizing the Plan of Actions and Milestones (POA&M) to capture all findings from internal and external audit reports, and formalized System Interconnection Agreement (SIA) with the service provider for its financial systems.

In fiscal year 2005, NARA modified the Memorandum of Understanding (MOU) and developed and Interconnection Security Agreement (ISA) with the General Services Administration (GSA) to ensure security measures were consistent with Federal and NARA standards. This format serves as a template for NARA's relationship with the Bureau of Public Debt (BPD). NARA has tracked IT findings from various audit reports issued during the fiscal year 2005. We did however note that the Plans of Actions and Milestones (POA&M) was still not in a format acceptable by OMB. Therefore, except for the outstanding POA&M issue, we have removed this condition.

**Controls to Protect Its Information**

- **Condition:** In fiscal year 2004, NARA did not have adequate logical and physical access controls in place to properly secure and protect its software and hardware equipment. Weak logical access controls included; system users with access not required to perform their position responsibilities, users not required to change initial network passwords, an inadequate network addressing schema, outdated network topology; and numerous network vulnerabilities noted during security scans. Weak physical access controls included excessive access to sensitive areas such as the computer room at Archives II and no monitoring of access to sensitive areas.

In fiscal year 2005, we confirmed that NARA has strengthened password controls in Novell, developed procedures to review inactive network accounts and taken action to remove inactive users. The mandatory annual security awareness training is one method NARA is using to recertify user access. If users do not complete the training then their network accounts are disabled. We reviewed the updated NARA network topology. Additionally, NARA has taken steps to convert publicly addressable IP addresses to internal addresses. To standardize security configurations throughout NARA, NH has implemented server baseline processes with steps to identify configurations out of synch for follow up. NARA has a contract with a vendor who is in the process of installing cameras in the data center. Visitor sign in logs are now required to be signed once entering the computer room. We noted that although

NARA has instituted a user access recertification procedure to restrict access to the computer room, and removed several individuals as a result of this process, there are still an excessive number of individuals that do not regularly require this access to perform their position responsibilities. Therefore, except for the excessive access to the computer room, we have removed this condition.

**Contingency Plan**

- **Condition:** In fiscal year 2004, NARA did not sufficiently identify and prioritize critical data and operations. NARA's disaster recovery plans and Continuity of Operations Plan (COOP) did not address service disruptions occurring throughout all NARA physical locations, and were not adequately tested. External service provider memorandums of understanding (MOU) did not cover restoring lost connectivity between NARA and the external service provider (i.e. GSA). A wet pipe sprinkler was installed in the computer room that could expose sensitive computer equipment to water leaks.

In fiscal year 2005, we reviewed an updated disaster recovery plan and COOP which discusses the recovery of critical systems (identified by NARA as Internet and email access) and data. All other major applications and general support systems were determined by NARA to fail over to paper in the event of a service disruption. The COOP defines initial response actions, essential personnel, materials, databases, data and software to recover operations. In June 2005, NARA performed testing of their Internet connectivity and Web services disaster recovery plans. Although NARA has initiated a budget request to expand the COOP to cover other NARA locations, this activity has not been completed. NARA modified the MOU/ISA with GSA to incorporate service disruption measures and responsibilities. NARA has decided to accept the risk of not converting the sprinkler system to "dry pipe", since GSA building requirements recommend "wet pipe" sprinklers. Therefore, except for the COOP issue, we have removed this condition.

**Cost Allocation Methodology**

- **Condition:** In fiscal year 2004, NARA did not have a formal and comprehensive cost allocation methodology and does not ensure that related policies and procedures such as semi-automated allocation process policy are updated.

In fiscal year 2005, NARA updated its semi-automated allocation process policy and documented its allocation policy and procedures. Accordingly, we have removed this condition.

**VII. Federal Managers' Financial Integrity Act (31 U.S.C. 3512) (FMFIA) Compliance and Reporting**

As required by OMB Bulletin No. 01-02, we have compared the material weaknesses and material non-conformances in the FMFIA report included in the Performance and Accountability Report to our report on internal control dated November 1, 2005. NARA's FMFIA report for fiscal year 2005 did not report the material weakness in investments that we identified in this report. We do not believe, however, that failure to report the material weakness constitutes a separate reportable condition or material weakness because different criteria is used in determining material weakness for both reports.

\*\*\*\*\*

In addition to the material weakness and reportable conditions described above, we noted certain matters involving internal control and its operation that we reported to the management of NARA in a separate letter dated November 3, 2005.

This report is intended solely for the information and use of the management of NARA, NARA Office of Inspector General, OMB, and Congress, and is not intended to be and should not be used by anyone other than these specified parties.

*Clifton Henderson LLP*

Calverton, Maryland  
November 3, 2005



**Independent Auditor's Report on Compliance with Laws and Regulations**

To the Inspector General of the  
National Archives and Records Administration

We have audited the financial statements of the National Archives and Records Administration (NARA) as of and for the year ended September 30, 2005, and have issued our report thereon dated November 3, 2005. In our report, our opinion was qualified for the effects of adjustments, if any, as might have been necessary had we been able to perform adequate audit procedures on investment's budgetary entries related to purchase and redemption of non-federal securities. Except as described above, we conducted our audit in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and Office of Management and Budget (OMB) Bulletin No. 01-02, *Audit Requirements for Federal Financial Statements*, as amended.

The management of NARA is responsible for complying with laws and regulations applicable to NARA. As part of obtaining reasonable assurance about whether NARA's financial statements are free of material misstatements, we performed tests of its compliance with certain provisions of laws and regulations, noncompliance with which could have a direct and material effect on the determination of financial statement amounts, and certain other laws and regulations specified in OMB Bulletin No. 01-02, including the requirements referred to in the Federal Financial Management Improvement Act of 1996 (FFMIA). We limited our tests of compliance to these provisions and we did not test compliance with all laws and regulations applicable to NARA.

The results of our tests of compliance with laws and regulations described in the preceding paragraph, exclusive of FFMIA, disclosed no instances of noncompliance with the laws and regulations that are required to be reported under *Government Auditing Standards* and OMB Bulletin No. 01-02, as amended.

**Federal Financial Management Improvement Act of 1996 (FFMIA)**

Under FFMIA, we are required to report whether NARA's financial management systems substantially comply with the Federal financial management systems requirements, and the United States Standard General Ledger (USSGL) at the transaction level. To meet this requirement, we performed tests of compliance with FFMIA Section 803(a) requirements.

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Offices in 14 states and Washington, DC



The results of our tests disclosed instances described below, where NARA's financial management systems did not substantially comply with Federal financial management systems requirements and the USSGL at the transaction level.

**Federal Financial Management Systems**

- Integrated Financial Management System – The general ledger system and critical subsystems (property management system, billing system, reporting system, and various spreadsheets) are not integrated or electronically interfaced. A user is not able to have one view into systems such that, at whatever level the individual is using the system, he or she can obtain the information needed efficiently and effectively through electronic means. See Independent Auditor's Report on Internal Control (IC Report), Section III.C. for a more detailed explanation.

The primary reason for noncompliance above is that some of NARA's internal software was not developed to interface with the service provider's general ledger system.

- The general ledger system setup and posting model definitions do not fully comply with the transactions posting models consistent with the USSGL guidance and policies when recording and classifying obligations and related accounts. See our IC Report, Section III.A. for a more detailed explanation.

The primary reason for above noncompliance is that NARA uses an accounting service provider who owns the general ledger system.

**U.S. Standard General Ledger at the Transaction Level**

Substantial compliance with the USSGL at the transaction level requires the agency's recording of financial events to be consistent with all applicable account descriptions and posting model attributes reflected in the USSGL issued by the Department of the Treasury, Financial Management Service, effective for the period covered by the audit. As discussed in our IC Report, Section III.A., the system setup and posting model definitions do not fully comply with the transaction posting models consistent with the USSGL guidance and policies when recording and classifying transactions.

NARA's assistant archivist for Administrative Services and the assistant archivist for Information Services have been delegated the responsibility of ensuring the substantial compliance with the FFMIA. A discussion of the actions taken by NARA and our recommendations to strengthen NARA's financial management systems are outlined in our IC Report.

\*\*\*\*\*

Providing an opinion on compliance with certain provisions of laws and regulations was not an objective of our audit, and, accordingly, we do not express such an opinion.

We noted certain immaterial instances of noncompliance that we have reported to management of NARA in a separate letter dated November 3, 2005.

This report is intended solely for the information and use of the management of NARA, NARA Office of Inspector General, OMB and Congress, and is not intended to be and should not be used by anyone other than these specified parties.

*Clifton Gunderson LLP*

Calverton, Maryland  
November 3, 2005

## Management Response to Auditor's Report



National Archives and Records Administration

8601 Adelphi Road  
College Park, Maryland 20740-6001

Date: November 10, 2005

To: Paul Brachfeld, Inspector General

From: Allen Weinstein, Archivist of the United States

Subject: Management Response to Draft Independent Auditor's Reports on NARA's Internal Controls and Compliance with Laws and Regulations for FY 2005.

Thank you for the opportunity to review and comment on the draft reports entitled, Independent Auditor's Report on Internal Control and Independent Auditor's Report on Compliance with Laws and Regulations. We appreciate your efforts and cooperation throughout this audit process.

NARA has worked hard to improve financial management processes and to resolve the information technology security material weakness. We are pleased that your reports recognize the notable progress that has been made during the year.

We will sustain our efforts in addressing remaining issues, as well as any new challenges. Our goal is to meet the spirit of President's Management Agenda of improved financial management that will be reflected in an "unqualified" audit opinion on our financial statements in the future.

While we generally agree with the assessments contained in the report, we want to reassure our stakeholders that major investments in information technology at NARA are made in an environment that has effective internal controls based on real risk assessment and management attention to those risks, and offer the following comments:

Reportable conditions:

### III. Information Technology

1. Plans of Action and Milestones. The reportable conditions and recommendations generally address issues which are part of ongoing NARA efforts to improve existing policies, processes and procedures. We will reflect this in our Plan of Action and Milestones (POA&M) that will be the basis of our response. The Office of Information Services (NH) has modified its internal reporting processes to include a field that tracks resources allocated to POA&M issues.

2. Computer room access. While the number of people with access to the computer room may appear large to external auditors, this number is not excessive in light of the NARA risk analysis, budget constraints and business justification that underlies our current management policy. All who have access to the computer room have a legitimate job responsibility for being granted such access and these access approvals are reviewed on a regular basis.

3. Continuity of Operations (COOP). NARA management strongly believes that all functions critical to NARA's business needs have been covered in NARA's existing COOP plan. NARA's Headquarters element has a viable capability to survive regardless of a catastrophic event at Archives I, Archives II, the Federal Register; or, in the event of a regional disaster to the National Capitol Region, to transfer personnel and operations to the National Personnel Records Center in St. Louis, MO. The COOP Plan extends to the other subordinate activities across the nation through survival of the Headquarters element. There are no essential functions performed at the subordinate locations upon which the Headquarters is dependent. The COOP plan is written in accordance with Federal Preparedness Circular 65, dated 15 Jun 2004. The COOP plan has a training, testing and exercise schedule and it is reviewed regularly to ensure that the 17 essential functions can be performed at an enterprise-wide level, and that the plan is kept current with evolving agency and Presidential requirements.

4. Identified systems: RCPBS, FMIS, PRISM, NARS-5. Several of the reportable conditions involve agency systems that a) are scheduled for replacement or 2) were retired during the course of the audit, and the recommendations specify changes to application-level access policies, which the agency has previously evaluated at "low risk." NARA accepts those risks. In areas where user access needs to be monitored or improved, it will be done according to procedures that are appropriate to the FIPS 199 risk category of the system.

In closing, while challenges remain, we feel NARA has demonstrated its commitment to improved financial management and ability to produce accurate and reliable financial statements, which will be furthered with a new financial system. We would like to thank the office of Inspector General and Clifton Gunderson LLP for working in a professional and dedicated manner with NARA staff.



ALLEN WEINSTEIN  
Archivist of the United States







## Financial Statements and Additional Information

### *Limitations of the Financial Statements*

The principal statements have been prepared to report the financial position and results of operations of NARA, pursuant to the requirements of 31 U.S.C. 3515 (b). While the statements have been prepared from NARA's books and records in accordance with generally accepted accounting principles (GAAP) for Federal entities and the formats prescribed by the Office of Management and Budget, the statements are additional to the financial reports used to monitor and control budgetary resources, which are prepared from the same books and records. The statements should be read with the realization that they are for a component of the U.S. Government, a sovereign entity.

NARA's FY 2005 financial statements were audited by Clifton Gunderson LLP under contract to NARA's Office of the Inspector General.

**Principal Statements**

**Consolidated Balance Sheet**

*As of September 30, 2005, and September 30, 2004  
(in thousands)*

|   | <b>2005</b>       | <b>Restated<br/>2004</b> |
|---|-------------------|--------------------------|
| <b>Assets (Note 2)</b>                              |                   |                          |
| Intragovernmental                                   |                   |                          |
| Fund balance with Treasury (note 3)                 | \$ 167,231        | \$ 185,207               |
| Investments (notes 2, 4)                            | 14,740            | 31,205                   |
| Accounts receivable (note 5)                        | 9,181             | 14,151                   |
| Other (note 8)                                      | —                 | 40                       |
| <b>Total intragovernmental</b>                      | <b>191,152</b>    | <b>230,603</b>           |
| Cash (note 3)                                       | 48                | 36                       |
| Investments (note 4)                                | 11,869            | 4,785                    |
| Accounts receivable, net (note 5)                   | 863               | 881                      |
| Inventory, net (note 6)                             | 1,104             | 995                      |
| General property, plant and equipment, net (note 7) | 311,802           | 314,617                  |
| Other (note 8)                                      | 1,029             | 1,016                    |
| <b>Total assets</b>                                 | <b>\$ 517,867</b> | <b>\$ 552,933</b>        |
| <b>Liabilities (Note 9)</b>                         |                   |                          |
| Intragovernmental                                   |                   |                          |
| Accounts payable                                    | \$ 3,366          | \$ 3,407                 |
| Other (notes 9, 11, 12)                             | 3,454             | 21,294                   |
| <b>Total intragovernmental</b>                      | <b>6,820</b>      | <b>24,701</b>            |
| Accounts payable                                    | 20,112            | 24,426                   |
| Debt held by the public (notes 9, 10)               | 236,259           | 246,046                  |
| Other (notes 9, 11)                                 | 29,506            | 26,900                   |
| <b>Total liabilities</b>                            | <b>292,697</b>    | <b>322,073</b>           |
| <b>Net Position</b>                                 |                   |                          |
| Unexpended appropriations                           | 117,554           | 139,793                  |
| Cumulative results of operations                    | 107,616           | 91,067                   |
| <b>Total net position</b>                           | <b>225,170</b>    | <b>230,860</b>           |
| <b>Total liabilities and net position</b>           | <b>\$ 517,867</b> | <b>\$ 552,933</b>        |

The accompanying notes are an integral part of these statements.

***Consolidated Statement of Net Cost***  
***For the years ended September 30, 2005, and 2004***  
***(in thousands)***

|   | <b>2005</b>       | <b>Restated<br/>2004</b> |
|---|-------------------|--------------------------|
| <b>Program costs</b>  |                   |                          |
| <b>Records and archives-related services</b>  |                   |                          |
| Gross costs   | \$ 280,307        | \$ 241,712               |
| Less: Earned revenues   | (647)             | (988)                    |
| <b>Total net records and archives-related services program costs</b>                                  | 279,660           | 240,724                  |
| <b>Trust and Gift Funds</b>   |                   |                          |
| Gross costs (excluding heritage asset renovation)   | 15,274            | 16,324                   |
| Heritage asset renovation costs (note 15)   | 880               | 1,237                    |
| Less: Earned revenues   | (16,305)          | (14,232)                 |
| <b>Total Net Trust and Gift Fund costs</b>  | (151)             | 3,329                    |
| <b>Electronic records archives</b>  |                   |                          |
| Gross costs   | 35,655            | 11,225                   |
| Less: Earned revenues   | —                 | —                        |
| <b>Total net Electronic Records Archives program costs</b>  | 35,655            | 11,225                   |
| <b>National Historical Publications and Records Commission grants</b>                                 |                   |                          |
| Gross costs   | 7,308             | 5,925                    |
| Less: Earned revenues   | —                 | —                        |
| <b>Total net National Historical Publications and Records Commission grants program costs</b>         | 7,308             | 5,925                    |
| <b>Archives facilities and presidential libraries repairs and Restoration</b>                         |                   |                          |
| Gross costs   | 701               | 16                       |
| Heritage asset renovation costs (Note 15)   | 10,390            | 13,488                   |
| Less: Earned revenues   | —                 | (485)                    |
| <b>Total net archives facilities and Presidential libraries repairs and restoration program costs</b> | 11,091            | 13,019                   |
| <b>Revolving fund records center storage and services</b>   |                   |                          |
| Gross costs   | 143,824           | 141,445                  |
| Less: Earned revenues   | (132,023)         | (129,239)                |
| <b>Total net Revolving Fund records center storage and services program costs</b>                     | 11,801            | 12,206                   |
| Costs not assigned to programs  | —                 | —                        |
| Less: Earned revenues not attributed to programs  | —                 | —                        |
| <b>Net cost of operations</b>   | <b>\$ 345,364</b> | <b>\$ 286,428</b>        |

The accompanying notes are an integral part of these statements.

**Consolidated Statement of Changes in Net Position**  
*For the years ended September 30, 2005, and 2004*  
*(in thousands)*

|  | 2005                                   |                                  | Restated<br>2004                       |                                  |
|--|--|----------------------------------|--|----------------------------------|
|  | Cumulative<br>results of<br>operations | Unexpended<br>appropriation<br>s | Cumulative<br>results of<br>operations | Unexpended<br>appropriation<br>s |
| <b>Beginning balances (note 19)</b>                | \$ 91,001                              | \$ 139,793                       | \$ 78,778                              | \$ 122,599                       |
| Prior period adjustments                           |  |                                  |  |                                  |
| Changes in accounting principles (note 7)          | (839)                                  |                                  | —                                      |                                  |
| Corrections of errors (note 24)                    | —                                      |                                  | (13,623)                               |                                  |
| Beginning balances, as adjusted                    | 90,162                                 | 139,793                          | 65,155                                 | 122,599                          |
| <b>Budgetary Financing Sources:</b>                |  |                                  |  |                                  |
| Appropriations received                            | —                                      | 321,291                          | —                                      | 316,322                          |
| Other adjustments                                  | —                                      | (6,285)                          | —                                      | (4,602)                          |
| Appropriations used                                | 337,245                                | (337,245)                        | 294,526                                | (294,526)                        |
| Non-exchange revenue                               | 579                                    |                                  | 19                                     | —                                |
| Donations  | 9,366                                  |                                  | 3,571                                  | —                                |
| Other budgetary financing sources                  | 21                                     |                                  | —                                      |                                  |
| <b>Other Financing Sources</b>                     |  |                                  |  |                                  |
| Imputed financing from costs absorbed by<br>others | 15,658                                 |                                  | 14,224                                 |                                  |
| Other  | (51)                                   |                                  |  |                                  |
| <b>Total financing sources</b>                     | 362,818                                | (22,239)                         | 312,340                                | 17,194                           |
| <b>Net cost of operations</b>                      | 345,364                                |                                  | 286,428                                |                                  |
| Net change   | 17,454                                 | (22,239)                         | 25,912                                 | 17,194                           |
| <b>Ending balance</b>                              | <b>\$ 107,616</b>                      | <b>\$ 117,554</b>                | <b>\$ 91,067</b>                       | <b>\$ 139,793</b>                |

The accompanying notes are an integral part of these statements.

***Combined Statement of Budgetary Resources***

*For the years ended September 30, 2005, and 2004*

*(in thousands)*

|  | <b>2005</b>       | <b>2004</b>       |
|--|-------------------|-------------------|
| <b>Budgetary resources</b>                         |                   |                   |
| Budget authority                                   |                   |                   |
| Appropriations received                            | \$ 331,506        | \$ 320,141        |
| Unobligated balance, beginning of period (Note 19) | 62,506            | 60,524            |
| Spending authority from offsetting collections     |                   |                   |
| Earned   |                   |                   |
| Collected  | 168,253           | 160,973           |
| Receivable from Federal sources                    | (5,410)           | 2,408             |
| Change in unfilled customer orders                 |                   |                   |
| Advance received                                   | 96                | (88)              |
| Without advance from Federal sources               | (770)             | 2                 |
| Subtotal   | 162,169           | 163,295           |
| Recoveries of prior year obligations               | 27,330            | 21,096            |
| Permanently not available                          | (14,773)          | (12,412)          |
| <b>Total budgetary resources</b>                   | <b>\$ 568,738</b> | <b>\$ 552,644</b> |
| <br><b>Status of Budgetary Resources</b>           |                   |                   |
| Obligations incurred                               |                   |                   |
| Direct   | 358,512           | 349,569           |
| Reimbursable                                       | 135,513           | 140,503           |
| Subtotal   | 494,025           | 490,072           |
| Unobligated balance                                |                   |                   |
| Apportioned  | 24,040            | 27,129            |
| Exempt from apportionment                          | 36,011            | 30,673            |
| Unobligated balance not available                  | 14,662            | 4,770             |
| <b>Total Status of Budgetary Resources</b>         | <b>\$ 568,738</b> | <b>\$ 552,644</b> |
| <br><b>Relationship of Obligations to Outlays</b>  |                   |                   |
| Obligated balance, net, beginning of period        | 141,162           | 142,166           |
| Obligated balance, net, end of period              |                   |                   |
| Accounts receivable                                | (9,935)           | (15,345)          |
| Unfilled customer orders from Federal sources      |                   | (770)             |
| Undelivered orders                                 | 83,324            | 119,479           |
| Accounts payable                                   | 33,916            | 37,798            |
| Outlays  |                   |                   |
| Disbursements                                      | 506,730           | 467,569           |
| Collections  | (168,349)         | (160,885)         |
| <b>Net Outlays</b>                                 | <b>\$ 338,381</b> | <b>\$ 306,684</b> |

The accompanying notes are an integral part of these statements.

***Consolidated Statement of Financing***  
***For the years ended September 30, 2005, and 2004***  
***(in thousands)***

|  | <b>2005</b>       | <b>Restated<br/>2004</b> |
|--|-------------------|--------------------------|
| <b><i>Resources used to finance activities</i></b>   |                   |                          |
| Budgetary resources obligated  |                   |                          |
| Obligations incurred   | \$ 494,025        | \$ 490,072               |
| Less: Spending authority from offsetting collections and recoveries  | (189,499)         | (184,391)                |
| Obligations net of offsetting collections and recoveries   | <u>304,526</u>    | <u>305,681</u>           |
| Other Resources  |                   |                          |
| Imputed financing from costs absorbed by others  | 15,658            | 14,224                   |
| Other  | (51)              | —                        |
|  | <u>320,133</u>    | <u>319,905</u>           |
| <b><i>Resources used to finance items not part of net cost of operations</i></b>                                     |                   |                          |
| Change in budgetary resources obligated for goods, services, and benefits ordered but not yet provided               | 35,522            | (15,642)                 |
| Resources that fund expenses recognized in prior periods   | (4,706)           | —                        |
| Budgetary offsetting collections and receipts that do not affect net cost of operations                              | 289               | 19                       |
| Resources that finance the acquisition of assets   | (35,683)          | (34,611)                 |
|  | <u>(4,578)</u>    | <u>(50,234)</u>          |
|  | <u>\$ 315,555</u> | <u>\$ 269,671</u>        |
| <b><i>Components of the net cost of operations that will not require or generate resources in current period</i></b> |                   |                          |
| <b>Components requiring or generating resources in future periods</b>  |                   |                          |
| Increase in annual leave liability   | 1,482             | 831                      |
| Other  | 1,966             | (5,966)                  |
|  | <u>3,448</u>      | <u>(5,135)</u>           |
| <b>Components not requiring or generating resources</b>  |                   |                          |
| Depreciation and amortization  | 23,649            | 20,739                   |
| Revaluation of assets or liabilities   | 1,322             | —                        |
| Other  | 1,390             | 1,153                    |
|  | <u>26,361</u>     | <u>21,892</u>            |
|  | <u>29,809</u>     | <u>16,757</u>            |
| <b>Net cost of operations</b>  | <u>\$ 345,364</u> | <u>\$ 286,428</u>        |

The accompanying notes are an integral part of these statements.

## *Notes to Principal Statements*

### *Note 1—Summary of Significant Accounting Policies*

#### *A. Reporting Entity*

The National Archives was created by statute as an independent agency in 1934. On September 30, 1949, the Federal Property and Administrative Services Act transferred the National Archives to the General Services Administration (GSA), and its name was changed to National Archives and Records Services. It attained independence again as an agency in October 1984 (effective April 1, 1985) and became known as the National Archives and Records Administration (NARA).

NARA is our national record keeper. NARA safeguards records of all three branches of the Federal Government. NARA's mission is to ensure that Federal officials and the American public have ready access to essential evidence—records that document the rights of citizens, the actions of Government officials, and the national experience.

NARA is administered under the supervision of the Archivist of the United States. It comprises various Operating Administrations, each having its own management and organizational structure, which collectively provide services and ready access to essential evidence. NARA's accompanying financial statements include accounts of all funds under NARA's control.

#### **General Funds**

- Operating Expenses
  - Records Services—Provides for selecting, preserving, describing, and making available to the general public, scholars, and Federal agencies the permanently valuable historical records of the Federal Government and the historical materials and Presidential records in Presidential libraries; for preparing related publications and exhibit programs; and for conducting the appraisal of all Federal records.
  - Archives Related Services—Provides for the publication of the *Federal Register*, the *Code of Federal Regulations*, the *U.S. Statutes-at-Large*, and Presidential documents, and for a program to improve the quality of regulations and the public's access to them. This activity also includes the administration and reference service portions for the National Historical Publications and Records Commission.
  - The National Archives at College Park—Provides for construction and related services of the archival facility that opened to the public at the end of 1993.
- Electronic Records Archives—Provides for research, analysis, design, development and program management to build an Electronic Records Archive (ERA) that will ensure the preservation of and access to Government electronic records.
- Repairs and Restoration—Provides for the repair, alteration, and improvement of Archives facilities and Presidential libraries nationwide, and provides adequate storage for holdings. It will better enable the National Archives to maintain its facilities in proper condition for public visitors, researchers, and employees in NARA facilities, and also maintain the structural integrity of the buildings.
- National Historical Publications and Records Commission Grants—Provides for grants funding that the Commission makes, to local, state, and private institutions nationwide, to preserve and publish records that document American history.

**Intragovernmental Fund**

- Records Center Revolving Fund – Utilizes customer funding effectively to provide services on a standard price basis to Federal agency customers. The fund maintains low-cost, quality storage and transfers, reference, re-file, and disposal services for records stored in regional service facilities.

**Trust Funds**

- National Archives Gift Fund – The National Archives Trust Board solicits and accepts gifts or bequests of money, securities, or other personal property for the benefit of or in connection with the national archival and records activities administered by the National Archives and Records Administration (44 U.S.C. 2305).
- National Archives Trust Fund – The Archivist of the United States furnishes, for a fee, copies of unrestricted records in the custody of the National Archives (44 U.S.C. 2116). Proceeds from the sale of copies of microfilm publications, reproductions, special works and other publications, and admission fees to Presidential library museums are deposited in this fund.

*B. Basis of Presentation*

These statements were prepared from the accounting records of NARA in conformity with United States generally accepted accounting principles (GAAP), and the Office of Management and Budget (OMB) Circular NO. A-136, *Financial Reporting Requirements*. GAAP for Federal entities are the standards prescribed by the Federal Accounting Standards Advisory Board (FASAB), which is the official body for setting the accounting standards of the U.S. Government. These statements are, therefore, different from the financial reports prepared by NARA, also subject to OMB directives, for the purposes of reporting and monitoring NARA's status of budget resources.

*C. Basis of Accounting*

Transactions are recorded on both an accrual and budgetary basis. Under the accrual basis, exchange revenues are recognized when earned, and expenses are recognized when a liability is incurred, without regard to receipt or payment of cash. Budgetary accounting facilitates compliance with legal constraints and control over the use of Federal funds.

*D. Funds with the U.S. Treasury*

Funds with NARA primarily represent appropriated, revolving and trust funds. These funds may be used by NARA to finance expenditures. NARA's cash receipts and disbursements are processed by the U.S. Treasury.

*E. Accounts Receivable*

Accounts receivable consist of amounts due from the public and other Federal agencies. The allowance for uncollectible accounts from the public is estimated based on an analysis of the aged receivables. Accounts receivable from Federal agencies are expected to be collected and therefore not included when calculating the allowance for uncollectible accounts.

*F. Investments in Securities*

Investments in Federal securities are reported at cost, net of amortized premiums and discounts. Premiums and discounts are amortized into interest expense and interest revenue, respectively, over the term of the investment. NARA's intent is to hold investments to maturity unless they are

needed to sustain operations. NARA's investments consist largely of short-term, highly liquid investments, i.e., Treasury bills and money market funds, which are treated as investments rather than cash equivalents.

NARA also employs the use of a third-party capital management firm to monitor and manage the endowments, received pursuant to Title 44 U.S.C. section 2112, for the George Bush Library and Clinton Library. The purpose of the endowment is to provide income to offset the operations and maintenance costs of the corresponding Presidential library. Each endowment is reflected as a separate investment account. During fiscal year 2005, these accounts were transferred from an actively managed intermediate bond portfolio made up of many individual holdings to the purchase of shares in the Lehman Aggregate Bond Index. The investment in the Lehman Aggregate Bond Index will be recorded at fair value, and interest income earned will be recognized on a monthly basis.

#### *G. Cash*

Cash consists of petty cash imprest funds maintained at Presidential libraries and the National Archives regional and headquarters locations. These funds are used to finance the cashiers' start-up cash.

#### *H. Net Position*

Net position is the residual difference between assets and liabilities and comprises unexpended appropriations and cumulative results of operations.

Appropriations are recognized as capital when made available for apportionment by OMB. Unexpended appropriations represent the total amount of unexpended budget authority, both obligated and unobligated. Unexpended appropriations are reduced for appropriations used and adjusted for other changes in budgetary resources, such as transfers and rescissions. Cumulative results of operations line item is the net result of NARA's operations since inception.

#### *I. Operating Material and Supplies*

Operating material and supplies consist of tangible property to be consumed in normal operations and are expensed when purchased.

#### *J. Inventories*

The National Archives Trust Fund inventories, which consist of merchandise held for sale, are stated at the lower of cost or market, with cost determined using the average cost method. An allowance for damaged and obsolete goods is based on historical analysis and an evaluation of inventory turnover from year to year. Expenses are recorded when the inventories are sold.

#### *K. Property, Plant, and Equipment*

Property and equipment consist of land, buildings, typical office furnishings, installed shelving in the record facilities, and computer hardware and software. NARA capitalizes property with a cost exceeding \$50 thousand and a useful life exceeding two years. Depreciation expense is calculated using the straight-line method over the useful life. Property items not meeting the capitalization criteria are recorded as operating expenses.

In FY 2005 NARA changed the capitalization threshold from \$25 thousand. The aggregate cost and related accumulated depreciation of the assets that no longer meet the capitalization criteria was removed from the PP&E balances. The change in PP&E book value is recorded and presented as a prior period adjustment.

Federal Financial Accounting Standard (SFFAS) No. 6, Accounting for Property, Plant and

Equipment, defines the diversity among Federal PP&E. NARA's PP&E falls into two categories: general PP&E and heritage assets. General PP&E items are used to provide general Government goods and services. Heritage assets are defined as possessing significant educational, cultural, or natural characteristics. The National Archives Building in Washington and all Presidential libraries are classified as heritage assets and are not included on the balance sheet. Multiuse heritage assets are heritage assets that are used predominantly for general Government operations. The costs of acquisition, significant betterment, or reconstruction of multiuse heritage assets are capitalized as general PP&E and depreciated. The National Archives facility at College Park and the Southeast regional archival facility in Atlanta, GA, are classified as multiuse heritage assets and are included in general PP&E on the balance sheet. Physical quantity of both heritage and multiuse heritage assets is included in Required Supplementary Stewardship Information. The current condition of PP&E and heritage assets and estimated cost of deferred maintenance is reported in Required Supplementary Information.

#### *L. Internal Use Software*

NARA capitalizes internal-use software development projects whose total cost is \$250 thousand or greater. Internal-use software includes commercial off-the-shelf (COTS) software and internally developed or contractor developed software. The estimated useful life is five years.

#### *M. Employee Health and Life Insurance Benefits*

NARA employees are eligible to participate in the contributory Federal Employees Health Benefit Program (FEHBP) and the Federal Employee Group Life Insurance Program (FEGILIP). Both of these programs require contributions from the employee based on the coverage options selected by the employee. NARA contributes the required employer share. Both of these programs provide post-retirement benefits. The Office of Personnel Management (OPM) administers and reports the liabilities for these post-retirement benefits. NARA recognizes the entire service costs of the post-retirement portions of these programs as Imputed Cost and Imputed Financing Sources.

#### *N. Workers' Compensation Program*

The Federal Employees Compensation Act (FECA) provides income and medical cost protection to covered Federal civilian employees injured on the job, to employees who have incurred work-related occupational diseases, and to beneficiaries of employees whose deaths are attributable to job-related injuries or occupational diseases. The FECA program is administered by the U.S. Department of Labor (DOL), which pays valid claims and subsequently seeks reimbursement from NARA for these paid claims.

Actuarial FECA liability represents the liability for expected future workers' compensation benefits, which includes the liability for death, disability, medical, and miscellaneous costs for approved cases. The actuarial liability is determined by DOL annually, as of September 30, using a method that utilizes historical benefits payment patterns related to a specific incurred period, wage inflation factors, medical inflation factors and other variables. These actuarially computed projected annual benefit payments are discounted to present value using OMB's economic assumptions for 10-year Treasury notes and bonds. NARA computed its actuarial FECA liability based on the model provided by DOL.

#### *O. Employee Retirement Benefits*

NARA employees are covered by either the Civil Service Retirement System (CSRS) or the Federal Employee Retirement System (FERS). Most NARA employees hired prior to January 1, 1984, participate in the CSRS, to which NARA contributes 8.51 percent of basic pay, and the employee contributes 7.0 percent, for a total contribution of 15.51 percent. On January 1, 1984, FERS went into effect pursuant to Public Law 99-335. Under the FERS plan, NARA contributes 11.2 percent, while

employees contribute 0.8 percent of basic pay, for a total contribution of 12 percent. NARA funds a portion of pension benefits for its employees under the CSRS and the FERS and makes the necessary payroll withholdings for them. NARA is not required to disclose the assets of the systems or the actuarial data with respect to accumulated plan benefits of the unfunded pension liability relative to its employees. Reporting such amounts is the direct responsibility of OPM. NARA does, however, recognize and allocate the imputed costs on the Statement of Net Cost and recognizes imputed financing related to these costs on the Statement of Changes in Net Position.

Employees covered by CSRS and FERS are eligible to contribute to the U.S. Government's Thrift Savings Plan (TSP), administered by the Federal Retirement Thrift Investment Board. A TSP account is automatically established for FERS covered employees and NARA makes a mandatory contribution of 1 percent of basic pay. FERS-covered employees are entitled effective December 2003 to contribute up to 15 percent of basic pay to their TSP account, subject to the U.S. Internal Revenue Service (IRS) dollar amount limits, with NARA making matching contributions up to an additional 4 percent of basic pay. Employees covered by CSRS are entitled to contribute up to 10 percent of basic pay to their TSP accounts, subject to the IRS dollar amount limits. NARA makes no matching contributions for CSRS-covered employees. Effective July 2003, TSP participants age 50 or older who are already contributing the maximum amount of contributions for which they are eligible may also make catch-up contributions subject to the IRS dollar amount limits. NARA also makes matching contributions to the Social Security Administration (SSA) under the Federal Insurance Contributions Act (FICA). For employees covered by FERS, NARA matches the amount of 6.2 percent of gross pay up to \$90 thousand to SSA's Old-Age Survivors and Disability Insurance (OASDI) program. Additionally, NARA makes matching contributions for all employees of 1.45 percent of gross pay to the Medicare Hospital Insurance program.

#### *P. Accrued Annual, Sick and Other Leave*

Annual leave is accrued as it is earned, and the accrual is reduced as leave is taken. At the end of each fiscal year, the balance in the accrued annual leave liability account is adjusted to reflect current pay rates. The amount of the adjustment is recorded as an expense. Current or prior year appropriations are not available to fund annual leave earned but not taken. Funding occurs in the year the leave is taken and payment is made. Sick leave and other types of non-vested leave are expensed as taken.

#### *Q. Use of Estimates*

The preparation of financial statements requires management to make certain estimates and assumptions that affect the reported amounts of assets and liabilities and the reported amounts of revenue and expenses during the reporting period. Actual results may differ from those estimates.

#### *R. Contingencies and Commitments*

NARA is involved in various claims. A liability is generally recognized as an unfunded liability for those legal actions where unfavorable decisions are considered "probable" and an estimate for the liability can be made. Contingent liabilities that are considered "possible" are disclosed in the notes to the financial statements. Liabilities that are considered "remote" are not recognized in the financial statements or disclosed in the notes to the financial statements.

#### *S. Allocation of Program Management Cost*

NARA is comprised of various Operating Administrations, each having its own management and organizational structure. NARA allocates its general management and administrative support to its major components, Records and archives-related services and Revolving Fund. General management costs are not allocated to the Trust and Gift Funds, since they are administered by the

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National Archives Trust Fund Board, which is an organization independent of, and not funded by, NARA (see note 23). All other programs appearing on the Statement of Net Cost, such as Electronic Records Archives and National Historic Publications and Records Commission grants are a part of the bigger program of Records and Archives-Related Services, where the related administrative cost are included. These sub-programs are shown separately for the purpose of demonstrating custodial responsibility for the funding received for these programs.

*T. Changes in generally accepted accounting principles*

NARA has changed the threshold for capitalizing personal property from \$25 thousand to \$50 thousand in fiscal year 2005, as discussed in note K. All assets included in the PP&E have been revalued using the new threshold.

*Note 2 – Non-entity Assets*

Non-entity intragovernmental investments of \$17,453 thousand on the balance sheet as of September 30, 2004, were liquidated and relinquished to the U.S. Treasury during the second quarter of FY 2005. These investments were funded by the accumulated interest, earned during the period of construction and hence, on the funds remaining from the sale of certificates of ownership to finance the construction of the National Archives at College Park. No balance remains as of September 30, 2005.

*Note 3—Fund Balance with Treasury and Cash*

| <b>Fund balances</b>                    | <i>(in thousands)</i> | <b>2005</b>       | <b>2004</b>       |
|---|-----------------------|-------------------|-------------------|
| Appropriated funds                      |                       | \$ 141,835        | \$ 165,246        |
| Revolving Fund                          |                       | 23,413            | 18,921            |
| Trust Fund                              |                       | 1,887             | 901               |
| Gift Fund                               |                       | 96                | 139               |
| <b>Sub-total</b>                        |                       | <b>167,231</b>    | <b>185,207</b>    |
| Investments                             |                       | 26,609            | 35,990            |
| Less interest receivable on investments |                       | (8)               | (46)              |
| Less non-entity investments             |                       | —                 | (17,453)          |
| Less Investments held outside Treasury  |                       | (11,861)          | —                 |
| Imprest fund (cash)                     |                       | 48                | 36                |
| <b>Total</b>                            |                       | <b>\$ 182,019</b> | <b>\$ 203,734</b> |

**Status of fund balances with Treasury**

|                                     |  |                   |                   |
|-------------------------------------|--|-------------------|-------------------|
| Unobligated balance                 |  |                   |                   |
| Available                           |  | 60,052            | 57,803            |
| Unavailable                         |  | 14,662            | 4,769             |
| Obligated balance not yet disbursed |  | 107,305           | 141,162           |
| <b>Total</b>                        |  | <b>\$ 182,019</b> | <b>\$ 203,734</b> |

**Unavailable unobligated balance includes the following**

|                                |  |           |          |
|--------------------------------|--|-----------|----------|
| Allotments – Expired authority |  | \$ 14,662 | \$ 4,769 |
|--------------------------------|--|-----------|----------|

Restricted donations, included in the available unobligated balance above, are obligated in accordance with the terms of the donor. All donations to Presidential libraries and the National Archives with specific requirements are considered restricted. The restricted unobligated balance is \$12,916 thousand as of September 30, 2005 and \$7,830 thousand as of September 30, 2004.

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The unused fund balance of \$3,715 thousand in cancelled appropriation for FY 2000 is returned to Treasury at the end of the fiscal year.

*Note 4—Investments*

Investments as of September 30, 2005, and September 30, 2004, consist of the following (in thousands):

**Amounts for 2005 Balance Sheet Reporting**

|                                     | Cost          | Amortization<br>method | Unamortized<br>(premium)<br>discount | Investments,<br>net | Other<br>adjustments | Market<br>value<br>disclosure |
|-------------------------------------|---------------|------------------------|--------------------------------------|---------------------|----------------------|-------------------------------|
| <b>Intragovernmental Securities</b> |               |                        |                                      |                     |                      |                               |
| Marketable                          | 14,793        | Straight-line          | \$ 53                                | \$ 14,740           | \$ (1)               | \$ 14,739                     |
| <b>Total intragovernmental</b>      | <b>14,793</b> |                        | <b>53</b>                            | <b>14,740</b>       | <b>(1)</b>           | <b>14,739</b>                 |
| <b>Other securities</b>             |               |                        |                                      |                     |                      |                               |
| Cash Equivalents                    | 22            |                        |                                      | 22                  |                      | 22                            |
| U.S. Treasury Obligations           | —             |                        |                                      | —                   |                      | —                             |
| U.S. government Agencies            | —             |                        |                                      | —                   |                      | —                             |
| Corp. & foreign Bonds               | 1             |                        |                                      | 1                   |                      | 1                             |
| Closed-end Fixed Income             | 11,838        |                        |                                      | 11,838              |                      | 11,838                        |
| Accrued interest                    | 8             |                        |                                      | 8                   |                      | 8                             |
| Total other                         | 11,869        |                        | —                                    | 11,869              | —                    | 11,869                        |
| <b>Total investments</b>            | <b>26,662</b> |                        | <b>\$ 53</b>                         | <b>\$ 26,609</b>    | <b>\$ (1)</b>        | <b>\$ 26,608</b>              |

Other securities represent investments in short-term investment funds and fixed-income securities.

**Amounts for 2004 Balance Sheet Reporting**

|                                     | Cost             | Amortization<br>method | Unamortized<br>(premium)<br>discount | Investments,<br>net | Other<br>adjustments | Market<br>value<br>disclosure |
|-------------------------------------|------------------|------------------------|--------------------------------------|---------------------|----------------------|-------------------------------|
| <b>Intragovernmental securities</b> |                  |                        |                                      |                     |                      |                               |
| Marketable                          | \$ 31,282        | Straight-line          | \$ 77                                | \$ 31,205           | \$ (31)              | \$ 31,174                     |
| <b>Total intragovernmental</b>      | <b>31,282</b>    |                        | <b>77</b>                            | <b>31,205</b>       | <b>(31)</b>          | <b>31,174</b>                 |
| <b>Other securities</b>             |                  |                        |                                      |                     |                      |                               |
| Money market funds                  | 403              |                        |                                      | 403                 | —                    | 403                           |
| U.S. Treasury obligations           | 266              |                        |                                      | 266                 | (2)                  | 264                           |
| U.S. Government agencies            | 1,489            |                        |                                      | 1,489               | 4                    | 1,493                         |
| Corp. & foreign bonds               | 2,581            |                        |                                      | 2,581               | 215                  | 2,796                         |
| Accrued interest                    | 46               |                        |                                      | 46                  |                      | 46                            |
| Total other                         | 4,785            |                        | —                                    | 4,785               | 217                  | 5,002                         |
| <b>Total investments</b>            | <b>\$ 36,067</b> |                        | <b>\$ 77</b>                         | <b>\$ 35,990</b>    | <b>\$ 186</b>        | <b>\$ 36,176</b>              |

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*Note 5—Accounts Receivable, Net*

Accounts receivable and allowances for uncollectible accounts consisted of the following (in thousands):

|                                      | 2005                      |                        | 2004                      |                        |
|--------------------------------------|---------------------------|------------------------|---------------------------|------------------------|
|                                      | <i>Intra-governmental</i> | <i>With the public</i> | <i>Intra-governmental</i> | <i>With the public</i> |
| Accounts receivable                  | \$ 9,181                  | \$ 867                 | \$ 14,151                 | \$ 882                 |
| Allowance for uncollectible accounts | —                         | (4)                    | —                         | (1)                    |
| <b>Accounts receivable, net</b>      | <b>\$ 9,181</b>           | <b>\$ 863</b>          | <b>\$ 14,151</b>          | <b>\$ 881</b>          |

The allowance for uncollectible accounts from the public is estimated based on an analysis of the aged receivables. Accounts receivable from Federal agencies are expected to be collected; therefore, there is no allowance for uncollectible accounts.

*Note 6—Inventories*

Inventories consist of merchandise held available for current sale at gift shops in the Presidential libraries and the National Archives buildings. There was no change to the allowance estimate for the quarter ending September 30, 2005.

|  | 2005            | 2004          |
|--|-----------------|---------------|
| (in thousands)                           |                 |               |
| Inventory held for sale                  | \$ 1,609        | \$ 1,500      |
| Allowance for damaged and obsolete goods | (505)           | (505)         |
| <b>Net realizable value</b>              | <b>\$ 1,104</b> | <b>\$ 995</b> |

*Note 7 - General Property, Plant, and Equipment, Net*

The following components comprise Property, Plant, and Equipment as of September 30, 2005, and September 30, 2004 (in thousands):

| Asset category                             | <i>Estimated useful life in years</i> | <i>Acquisition cost</i> | <i>Accumulated depreciation/amortization</i> | 2005                  | Restated 2004         |
|--|---------------------------------------|-------------------------|--|-----------------------|-----------------------|
|  |                                       |                         |  | <i>Net book value</i> | <i>Net book value</i> |
| Land                                       | N/A                                   | \$ 6,159                | \$ —   | \$ 6,159              | \$ 6,159              |
| Buildings and structures                   | 30                                    | 387,189                 | (143,270)                                    | 243,919               | 227,546               |
| Construction and shelving in progress      |                                       | 5,462                   |  | 5,462                 | 24,307                |
| Equipment & shelving                       | 3 to 20                               | 56,085                  | (33,790)                                     | 22,295                | 25,104                |
| Leasehold improvements                     | 5                                     | 3,430                   | (250)  | 3,180                 | 322                   |
| Assets under capital lease                 | 20                                    | 5,284                   | (2,434)                                      | 2,850                 | 3,115                 |
| Internal-use software                      | 5                                     | 35,145                  | (18,540)                                     | 16,605                | 21,603                |
| Software development in progress           |                                       | 11,332                  | —  | 11,332                | 6,461                 |
| <b>Total property, plant and equipment</b> |                                       | <b>\$ 510,086</b>       | <b>\$ (198,284)</b>                          | <b>\$ 311,802</b>     | <b>\$ 314,617</b>     |

As described in note 1K, buildings and structures presented on the balance sheet include the National Archives at College Park and the Southeast regional archival facility in Atlanta, GA, which are multiuse heritage assets. All other buildings are deemed to be heritage assets and are not

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included in the general PP&E. The amount recorded as a prior period adjustment resulting from the change in accounting principles for the change in threshold for capitalizing personal property from \$25 thousand to \$50 thousand was \$839 thousand.

*Note 8 – Other Assets*

Other assets as of September 30, 2005, and September 30, 2004, consist of the following (in thousands):

|                           | 2005                      |                        | 2004                      |                        |
|---------------------------|---------------------------|------------------------|---------------------------|------------------------|
|                           | <i>Intra-governmental</i> | <i>With the public</i> | <i>Intra-governmental</i> | <i>With the public</i> |
| Other assets              | \$ —                      | \$ 1,029               | \$ —                      | \$ 1,015               |
| Prepaid expenses          | —                         | —                      | 40                        | —                      |
| Advances                  | —                         | —                      | —                         | 1                      |
| <b>Total other assets</b> | <b>\$ —</b>               | <b>\$ 1,029</b>        | <b>\$ 40</b>              | <b>\$ 1,016</b>        |

The major part of *Other assets* consist of a one-time cost of obtaining an operating lease amounting to \$1,003 thousand as of September 30, 2005. This cost is deferred and is being amortized over the lease term as additional rent expense.

Prepaid expenses represent amounts advanced for postage for FY 2004. Advances represent amounts for travel and relocation for FY 2004.

*Note 9 – Liabilities not covered by Budgetary Resources*

Liabilities not covered by budgetary resources as of September 30, 2005, and September 30, 2004, consist of the following (in thousands):

|  | 2005                      |                        | 2004                      |                        |
|--|---------------------------|------------------------|---------------------------|------------------------|
|  | <i>Intra-governmental</i> | <i>With the public</i> | <i>Intra-governmental</i> | <i>With the public</i> |
| Debt held by the public (including accrued interest) | \$ —                      | \$ 236,259             | \$ —                      | \$ 246,046             |
| Other  | 258                       | 21,840                 | 397                       | 20,406                 |
| Total liabilities not covered by budgetary resources | 258                       | 258,099                | 397                       | 266,452                |
| Total liabilities covered by budgetary resources     | 6,562                     | 27,778                 | 24,304                    | 30,920                 |
| <b>Total liabilities</b>                             | <b>\$ 6,820</b>           | <b>\$ 285,877</b>      | <b>\$ 24,701</b>          | <b>\$ 297,372</b>      |

Liabilities not covered by budgetary resources are liabilities that are not funded by direct budgetary authority in the current fiscal year and result from the receipt of goods and services, or the occurrence of eligible events, for which appropriations, revenues, or other financing sources necessary to pay the liabilities have not yet been made available through Congressional appropriation.

Total other intragovernmental liabilities of \$258 thousand as of September 30, 2005 and \$397 thousand for FY 2004 represent workers' compensation claims paid by the Department of Labor (DOL). The other liabilities with the public of \$21,840 thousand for FY 2005 and the \$20,406 thousand for FY 2004 consist of unfunded annual leave of \$12,497 thousand and \$11,016 thousand and workers' compensation of \$9,342 thousand and \$9,390 thousand, respectively. These represent estimated future costs that have been actuarially determined and regarded as a liability to the public because neither the costs nor reimbursement have been recognized by DOL for the corresponding years.

*Note 10—Debt Held by the Public*

Public Law 100-440 authorized NARA to “enter into a contract for construction and related services for a new National Archives facility. . . . The contract shall provide, by lease or installment payments payable out of annual appropriations over a period not to exceed thirty years.”

In 1989, NARA entered into an installment sale and trust agreement with the trustee, United States Trust Company of New York. Under terms of this agreement, the trustee obtained financing for the construction of the National Archives at College Park through the sale of certificates representing proportionate shares of ownership in installment payments to be made by NARA semiannually.

Although the full amount financed, \$301,702 thousand, was included (scored) for U.S. budget estimation purposes in fiscal year 1989, NARA requires an annual congressional appropriation to pay the redemption of debt (principal) and interest costs of \$28,971 thousand annually. The 25-year semiannual payments of \$14,486 thousand began in 1994 and will be completed in 2019.

**Unpaid Principal Balance (in thousands)**

|  |                   |
|--|-------------------|
| 2005 Beginning Balance                                 | \$ 244,312        |
| Less: FY 2005 debt repayment                           | 8,488             |
| FY 2005 reclassification                               | <u>1,257</u>      |
| <b>Ending balance—Principal, at September 30, 2005</b> | <b>234,567</b>    |
| Accrued interest payable                               | 1,692             |
| Total debt at September 30, 2005                       | \$ <u>236,259</u> |

*Note 11 – Other Liabilities*

Other liabilities as of September 30, 2005 and September 30, 2004, consists of the following (in thousands):

|                                      | <u>2005</u>             | <u>2004</u>             |
|--------------------------------------|-------------------------|-------------------------|
| Intragovernmental                    |                         |                         |
| Workers’ compensation                | \$ 1,840                | \$ 1,700                |
| Capital lease liability-current      | 398                     | 527                     |
| Capital lease liability-long term    | 1,216                   | 1,614                   |
| Liability for non-entity investments | —                       | 17,453                  |
| Total intragovernmental              | <u>3,454</u>            | <u>21,294</u>           |
| Workers’ compensation                | 9,342                   | 9,390                   |
| Accrued funded payroll and leave     | 7,243                   | 6,165                   |
| Unfunded leave                       | 12,497                  | 11,016                  |
| Advances from others                 | 424                     | 282                     |
| Deferred credits-fees                | —                       | 47                      |
| <b>Total other liabilities</b>       | <b><u>\$ 32,960</u></b> | <b><u>\$ 48,194</u></b> |

The liability of \$11,182 thousand for workers’ compensation at September 30, 2005, includes a current portion of \$1,840 thousand and estimated future costs of \$9,342 thousand. Estimated future costs have been actuarially determined and are regarded as a liability to the public because neither the costs nor reimbursement have been recognized by DOL. Workers’ compensation is described in note 1N, Summary of Significant Accounting Policies, and is included in Liabilities Not Covered by Budgetary Resources, as described in note 9.

The September 30, 2004, liability for non-entity investments is eliminated as of September 30, 2005. See note 2.



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minimum future lease payments include estimated escalations for operating costs and real estate taxes. These amounts will be adjusted to the actual costs incurred for operating costs and real estate taxes for each lease.)

NARA has a non-cancelable operating lease with Potomac Electric Power Company for land that is leased for a parking lot at National Archives II, College Park. The lease is for 20 years from May 2003 through April 2023 and contains a set schedule of payments due. The following schedule shows the total future lease payments (in thousands).

**OPERATING LEASES—NARA as lessee**

---

| Fiscal year                        | Future<br>payments due |
|------------------------------------|------------------------|
| 2006                               | \$ 10,064              |
| 2007                               | 10,148                 |
| 2008                               | 10,236                 |
| 2009                               | 10,398                 |
| 2010                               | 10,585                 |
| After 2010                         | 128,033                |
| <b>Total future lease payments</b> | <b>\$ 179,464</b>      |

*Note 13 – Commitments and Contingencies*

NARA has incurred claims in the normal course of business. As of September 30, 2005, in the opinion of General Counsel, NARA has one material outstanding claim. Counsel advised that a claim was recently filed under the Federal Tort Claims Act, for which NARA's response is due on November 20. Since a thorough analysis has not been completed, there is a reasonable possibility of an unfavorable outcome, and the range of loss for the matter is estimated not to exceed \$300 thousand.

*Note 14 – Intragovernmental Costs and Exchange Revenues by Program*

|  | <b>2005</b>    | <b>2004</b>    |
|--|----------------|----------------|
| <b>Records and archives-related services</b>                         |                |                |
| Intragovernmental gross costs  | \$ 50,771      | \$ 54,427      |
| Less: Intragovernmental earned revenue                               | (267)          | (988)          |
| Intragovernmental net costs  | 50,504         | 53,439         |
| Gross costs with the public  | 229,536        | 187,285        |
| Less: Earned revenues from the public                                | (380)          | —              |
| Net costs with the public  | 229,156        | 187,285        |
| <b>Total net records and archives-related services program costs</b> | <b>279,660</b> | <b>240,724</b> |
| <b>Trust and Gift Funds</b>  |                |                |
| Intragovernmental gross costs  | 1,848          | 2,133          |
| Less: Intragovernmental earned revenue                               | (551)          | (16)           |
| Intragovernmental net costs  | 1,297          | 2,117          |
| Gross costs with the public (excluding heritage asset renovation)    | 13,426         | 14,191         |
| Heritage asset renovation costs (note 14)                            | 880            | 1,237          |
| Less: Earned revenues from the public                                | (15,754)       | (14,216)       |
| Net costs with the public  | (1,448)        | 1,212          |
| <b>Total net Trust and Gift Fund costs</b>                           | <b>(151)</b>   | <b>3,329</b>   |
| <b>Electronic records archives</b>                                   |                |                |
| Intragovernmental gross costs  | 3,736          | 4,311          |

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|   | <u>2005</u>              | <u>2004</u>              |
|---|--------------------------|--------------------------|
| Less: Intragovernmental earned revenue  | —                        | —                        |
| Intragovernmental net costs   | 3,736                    | 4,311                    |
| <br>  |                          |                          |
| Gross costs with the public   | 31,919                   | 6,914                    |
| Less: Earned revenues from the public   | —                        | —                        |
| Net costs with the public   | 31,919                   | 6,914                    |
| <b>Total net Electronic Records Archives program costs</b>  | <b>35,655</b>            | <b>11,225</b>            |
| <br>  |                          |                          |
| <b>National Historical Publications and Records Commission grants</b>                                 |                          |                          |
| Intragovernmental gross costs   | \$ 49                    | \$ 248                   |
| Less: Intragovernmental earned revenue  | —                        | —                        |
| Intragovernmental net costs   | 49                       | 248                      |
| <br>  |                          |                          |
| Gross costs with the public   | 7,259                    | 5,677                    |
| Less: Earned revenues from the public   | —                        | —                        |
| Net costs with the public   | 7,259                    | 5,677                    |
| <b>Total net National Historical Publications and Records Commission grants program costs</b>         | <b>7,308</b>             | <b>5,925</b>             |
| <br>  |                          |                          |
| <b>Archives facilities and Presidential libraries repairs and restoration</b>                         |                          |                          |
| Intragovernmental gross costs   | 231                      | 1                        |
| Less: Intragovernmental earned revenue  | —                        | (485)                    |
| Intragovernmental net costs   | 231                      | (484)                    |
| <br>  |                          |                          |
| Gross costs with the public (excluding heritage asset renovation)                                     | 470                      | 15                       |
| Heritage asset renovation costs   | 10,390                   | 13,488                   |
| Less: Earned revenues from the public   | —                        | —                        |
| Net costs with the public   | 10,860                   | 13,503                   |
| <b>Total net archives facilities and Presidential libraries repairs and restoration program costs</b> | <b>11,091</b>            | <b>13,019</b>            |
| <br>  |                          |                          |
| <b>Revolving Fund records center storage and services</b>   |                          |                          |
| Intragovernmental gross costs   | 73,004                   | 64,177                   |
| Less: Intragovernmental earned revenue  | (131,030)                | (125,691)                |
| Intragovernmental net costs   | (58,026)                 | (61,514)                 |
| <br>  |                          |                          |
| Gross costs with the public   | 70,820                   | 77,268                   |
| Less: Earned revenues from the public   | (993)                    | (3,548)                  |
| Net costs with the public   | 69,827                   | 73,720                   |
| <b>Total net Revolving Fund records center storage and services</b>                                   | <b>11,801</b>            | <b>12,206</b>            |
| <br>  |                          |                          |
| <b>Net Cost of Operations</b>   | <b><u>\$ 345,364</u></b> | <b><u>\$ 286,428</u></b> |

Gross costs are classified on the basis of the sources of goods and services. Intragovernmental gross costs are expenses related to purchases from a Federal entity. Intragovernmental earned revenue represents exchange transactions between NARA and other Federal entities.

“Gross Public costs” are expenses related to purchases from a non-Federal entity, and the exchange revenue is classified as “with the public” where the buyer of the goods or services is a non-Federal entity.

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*Note 15—Cost of Stewardship PP&E*

Stewardship assets consist of heritage assets as defined in note 1K. No financial value is or can be placed on these assets.

The Consolidated Statement of Net Cost includes the following costs as of September 30, 2005, and September 30, 2004, to renovate heritage assets (*in thousands*):

| <i>Asset</i>      | <b>2005</b>   |               |                      | <b>2004</b>     |                      |
|-------------------|---------------|---------------|----------------------|-----------------|----------------------|
|                   | <i>Gift</i>   | <i>Trust</i>  | <i>Appropriation</i> | <i>Gift</i>     | <i>Appropriation</i> |
| Archives I        | \$ —          | \$ —          | 4,530                | \$ —            | \$ 9,795             |
| Roosevelt Library | 251           |               | 1,020                | 54              | 917                  |
| Hoover            |               |               | 83                   |                 |                      |
| Truman            |               |               | 391                  |                 |                      |
| Eisenhower        |               |               | 245                  |                 |                      |
| Kennedy           |               |               | 855                  |                 |                      |
| Johnson           |               |               | 606                  |                 |                      |
| Nixon             |               |               | 112                  |                 |                      |
| Ford              |               |               | 196                  | 1,183           | 331                  |
| Carter            |               |               | 1,048                |                 |                      |
| Reagan            |               | 629           | 283                  |                 | 2,446                |
| Bush              |               |               | 1,020                |                 |                      |
| <b>Total</b>      | <b>\$ 251</b> | <b>\$ 629</b> | <b>\$ 10,390</b>     | <b>\$ 1,237</b> | <b>\$ 13,488</b>     |

For additional information about NARA's stewardship assets, see the Required Supplementary Stewardship section of this report.

*Note 16 – Stewardship Assets Acquired Through Transfer, Donation, and Devise*

NARA has ownership of heritage assets received through gifts of money, security, or other property. The National Archives Gift Fund receives and accepts, holds, and administers in accordance with the terms of the donor, gifts or bequests for the benefit of the National Archives Gift Fund activities or Presidential libraries. Additional information about heritage assets is presented in the Required Supplementary Stewardship Information, including the type and quantity of heritage assets added during the fiscal year.

*Note 17 – Exchange Revenues*

Records Administration Conference (RACO). Fees were determined based on attendance levels, and costs in FY 2002 plus modest inflationary increases. The fees are \$225 per registrant, \$800 per Oceanic Suite exhibitor, and \$1,000 per Amphitheater exhibitor.

Records Management Program Training Course. The basic per day charge for records management training classes is \$150. This fee is based on the salary and benefits for a full-time program administrator, training costs for new trainers and additional training for existing trainers, and direct overhead costs (i.e., reproduction of class materials and preparation of training binders). In addition, this cost includes the purchase and updating of teaching and training aids and several computer software programs. This fee was based on a total Office of Records Services annual program average cost of \$120,000 a year with 800 training days ( $\$120,000/800=\$150$ ).

Providing access to and assisting in reproducing foreign policy-related records in the Nixon Presidential Materials Project. NARA is reimbursed for the salary and benefits of two NARA archival staff members providing assistance in reproducing foreign policy-related records in the Nixon Presidential Materials Project. In addition, NARA is reimbursed for reproduction costs at \$.15 per copy.

Improvements for the joint National Park Service and National Archives Visitor Center at the Roosevelt Library. The National Park Service provided funds for their portion of the cost to cover improvements to the park entrance at the new joint National Park Service and National Archives Visitor Center at the Roosevelt Library during FY 2004. No funds were provided in FY 2005.

Office Support for Air Force Declassification Office. Patrick Air Force Base employees are working at NARA on declassification of records. The Air Force provided funds for office support (wiring, furnishings, etc.) for the declassification employees.

Records Center Revolving Fund. The program office develops transaction billing rates annually for the upcoming fiscal year. The rates are developed to ensure full cost recovery for the delivery of storage and services of records held by the fund for its customer agencies. The rate development process is reviewed for reasonableness by the revolving fund office and receives final approval from the Archivist. Adjustments, changes, or additions to the rates are submitted to the Archivist for approval before implementation.

*Note 18 - Apportionment Categories of Obligations Incurred*

OMB typically uses one of two categories to distribute budgetary resources in a fund. Apportionments that are distributed by fiscal quarters are classified as category A. Category B apportionments usually distribute budgetary resources by activities, project, objects, or a combination of these categories. NARA has received a Category B apportionment in FY 2005 for Debt redemption, which was not separated out in FY 2004. NARA's Revolving, Trust, and Gift Funds are exempt from apportionment. The amounts of direct and reimbursable obligations are displayed in the following chart (in thousands).

| <i>Obligations incurred</i> | <i>Category A</i> |                  | <i>Category B</i> |             | <i>Exempt</i>    |                  | <i>Total</i>     |                  |
|-----------------------------|-------------------|------------------|-------------------|-------------|------------------|------------------|------------------|------------------|
|                             | <b>2005</b>       | <b>2004</b>      | <b>2005</b>       | <b>2004</b> | <b>2005</b>      | <b>2004</b>      | <b>2005</b>      | <b>2004</b>      |
| Direct obligations          | \$319,872         | \$338,567        | \$8,488           | \$ —        | \$30,152         | \$ 11,001        | \$358,512        | \$349,568        |
| Reimbursable obligations    | 652               | 2,851            | —                 | —           | 134,861          | 137,653          | 135,513          | 140,504          |
| <b>Total</b>                | <b>\$320,524</b>  | <b>\$341,418</b> | <b>\$8,488</b>    | <b>\$ —</b> | <b>\$165,013</b> | <b>\$148,654</b> | <b>\$494,025</b> | <b>\$490,072</b> |

*Note 19—Adjustments to Beginning Balance of Statement of Net Position and Budgetary Resources*

The FY 2004 FACTS II submission contained an adjustment of \$66 thousand to correctly state the fund balance with Treasury. This adjustment was not included for FY 2004 financial statements due to its immateriality and was identified as a "passed-on" audit adjustment in the management representation letter. Differences exist between FY 2004 ending and FY 2005 beginning balances in the *Cumulative results of operations* on the Statement of Net Position and the *Unobligated balance* on the Statement of Budgetary Resources, which were adjusted to agree to the correct balances in FACTS II.

*Note 20—Legal Arrangements Affecting Use of Unobligated Balances*

Public Law 108-199, January 23, 2004, Division J, Title V, Section 508, authorized that up to 50 percent of NARA's unobligated balances remaining available at the end of fiscal year 2004 to be available through the end of FY2005. During FY 2005, \$266 thousand was transferred to 2005 appropriation.

*Note 21 - Explanation of Differences between the Statement of Budgetary Resources and the Budget of the United States Government*

Statement of Federal Financial Accounting Standards No. 7, *Accounting for Revenue and Other Financing Sources and Concepts for Reconciling Budgetary and Financial Accounting*, calls for

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explanations of material differences between budgetary resources available, status of those resources and outlays as presented in the Statement of Budgetary Resources (SBR) to the related actual balances published in the *Budget of the United States Government* (President's Budget). However, the President's Budget that will include FY 2005 actual budgetary execution information has not yet been published. The President's Budget is scheduled for publication in January 2006. Accordingly, information required for such disclosure is not available at the time of preparation of these financial statements.

Balances, reported in the FY 2004 SBR and the related President's Budget, are shown in a table below for each major budget account in which a difference exists. There are differences between the SBR and the President's Budget that are attributable to differing requirements imposed by Treasury and OMB. The differences are primarily due to reporting requirement differences for expired and unexpired appropriations between the Treasury guidance used to prepare the SBR and the OMB guidance used to prepare the President's Budget. The SBR includes both unexpired and expired appropriations, while the President's Budget discloses only unexpired budgetary resources that are available for new obligations.

|  | FY 2004 <span style="float: right;">(in millions)</span> |                               |                   |
|--|--|-------------------------------|-------------------|
|  | <i>Statement of<br/>Budgetary<br/>Resources</i>          | <i>President's<br/>Budget</i> | <i>Difference</i> |
| <b>Records and Archives-Related Services</b> |  |                               |                   |
| Total budgetary resources                    | \$ 285   | \$ 263                        | \$ 22             |
| Status of budgetary resources                |  |                               |                   |
| Obligations incurred                         | 278  | 261                           | 17                |
| Unobligated balance – available              | 2  | 2                             | –                 |
| Unobligated balance – unavailable            | 5  | –                             | 5                 |
| Total status of budgetary resources          | \$ 285   | \$ 263                        | \$ 22             |
| Outlays                                      | \$ 244   | \$244                         | \$ –              |

*Note 22 – Explanation of the Relationship Between Liabilities Not Covered by Budgetary Resources on the Balance Sheet and the Change in Components Requiring or Generating Resources in Future Periods*

As of September 30, 2005, budgetary resources were not yet available to fund certain liabilities reported on the balance sheet. For the balances in question, most are long-term in nature where funding is generally made available in the year the payments are anticipated. *Debt held by the public* is not covered by budgetary resources. The remainder is included as "Other liabilities" on the balance sheet and consist of annual leave liability, unfunded workers' compensation, and unfunded pension expenses. The increase in annual leave liability is shown as a separate line item on the statement of financing. Changes to workers' compensation and pension expenses are included in "Other components requiring or generating resources in future periods."

*Note 23 – Dedicated Collections*

Congress established the National Archives Trust Fund Board to receive and administer gifts and bequests of money and other personal property and to receive monies from the sale of reproduction of historical documents and publications for activities approved by the Board and in the interest of NARA and the Presidential libraries. The members of the Board are the Archivist of the United States, who serves as chairman; the Secretary of the Treasury; and the Chairman of the National Endowment for the Humanities. Membership on the board is not an office within the meaning of the statutes of the United States.

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The membership, functions, powers, and duties of the National Archives Trust Fund Board shall be as prescribed in the National Archives Trust Fund Board Act of July 9, 1941, as amended (44 U.S. C. 2301-2308). These bylaws are adopted pursuant to the authority vested in the Board by 44 U.S. C. 2303 (3) to adopt bylaws, rules and regulations necessary for the administration of its function under this chapter.

National Archives Trust Fund Board administers the National Archives Trust Fund (NATF) and the National Archives Gift Fund (NAGF). NATF finances and administers the reproduction or publication of records and other historical materials for the benefit of NARA. NAGF accepts, receives, holds, and administers, in accordance with the terms of the donor, gifts, or bequests of money, securities, or other personal property for the benefit of NARA activities. The major areas of activity for these funds are Presidential libraries, the Office of Regional Records Services, the National Historical Publications and Records Commission, and the Charters of Freedom Project.

Cumulative results of operations is reported as restricted or unrestricted. Restricted cumulative results of operations represents the net of donations and disposition of donations to the Gift Fund in accordance with terms of the donor. All donations and related expenses to Presidential libraries, and donations and related expenses to National Archives Gift Fund activities with specific requirements are considered restricted; all others are reported as unrestricted.

Financial information for NATF and NAGF as of September 30, 2005, and September 30, 2004, presented prior to intra-agency eliminations, consists of the following (*in thousands*):

|   | <b>2005</b>      |                  | <b>2004</b>      |                 |
|---|------------------|------------------|------------------|-----------------|
|   | NATF             | NAGF             | NATF             | NAGF            |
| <b>Assets</b>                                   |                  |                  |                  |                 |
| Fund balance with Treasury                      | \$ 1,887         | \$ 95            | \$ 901           | \$ 139          |
| Cash  | 48               | —                | 36               | —               |
| Investments, net                                | 10,209           | 16,401           | 10,435           | 8,102           |
| Accounts receivable                             | 679              | —                | 576              | —               |
| Inventory                                       | 1,104            | —                | 995              | —               |
| Property, plant, and equipment                  | 209              | —                | 737              | —               |
| Prepaid postage                                 | —                | —                | 40               | —               |
| <b>Total assets</b>                             | <b>14,136</b>    | <b>16,496</b>    | <b>13,720</b>    | <b>8,241</b>    |
| <b>Liabilities</b>                              |                  |                  |                  |                 |
| Accounts payable                                | 798              | 4                | 788              | 30              |
| Other liabilities                               | 1,087            | —                | 933              | —               |
| <b>Total liabilities</b>                        | <b>1,885</b>     | <b>4</b>         | <b>1,721</b>     | <b>30</b>       |
| <b>Net position</b>                             |                  |                  |                  |                 |
| Cumulative results of operations                |                  |                  |                  |                 |
| Restricted                                      | —                | 13,015           | —                | 7,830           |
| Unrestricted                                    | —                | 3,477            | —                | 381             |
| <b>Total net position</b>                       | <b>12,251</b>    | <b>16,492</b>    | <b>11,999</b>    | <b>8,211</b>    |
| <b>Total liabilities and net position</b>       | <b>\$ 14,136</b> | <b>\$ 16,496</b> | <b>\$ 13,720</b> | <b>\$ 8,241</b> |
| Net position, beginning of fiscal year          | \$ 11,933        | \$ 8,211         | \$ 12,890        | 9,962           |
| Change in net position                          |                  |                  |                  |                 |
| Non-exchange revenue                            | 1                | 578              | 19               | —               |
| Donations                                       | —                | 9,366            | —                | 3,571           |
| Imputed financing from costs absorbed by others | 469              | (30)             | 441              | —               |
| Total financing sources                         | 470              | 9,914            | 460              | 3,571           |
| Net cost of operations                          | 152              | 1,633            | 1,351            | 5,322           |
| <b>Net position, end of fiscal year</b>         | <b>\$ 12,251</b> | <b>\$ 16,492</b> | <b>\$ 11,999</b> | <b>\$ 8,211</b> |

*Note 24 – Restatements*

NARA has restated the FY 2004 financial statements in accordance with SFFAS No. 21. The restatement reflects adjustments to the internal use software balance estimates, developed in the process of compiling the CFO Act financial statements for the first time in FY 2004. Additional research during fiscal year 2005 determined that the FY 2004 internal use software balance was overstated.

The restatement resulted in the changes to the Balance Sheet and the Statement of Changes in Net Position for fiscal year 2004 as follows (*in thousands*):

|   | <i>As Reported in<br/>FY 2004</i> | <i>Restated<br/>FY 2004</i> |
|---|-----------------------------------|-----------------------------|
| General property, plant, and equipment, net | \$328,327                         | \$314,617                   |
| Cumulative results of operations            | 104,777                           | 91,067                      |
| Net costs, FY 2004 activity                 | 286,341                           | 286,428                     |

The overall effect is to reduce assets and cumulative results of operations by \$13,710 thousand for FY 2004 financial statements, where \$13,623 thousand is attributable to activity prior to and impacting the FY 2004 beginning balance, and \$87 thousand of FY 2004 activity originally capitalized is expensed.

## Required Supplementary Stewardship Information

### *Heritage Assets Schedule*

*For the Year Ended September 30, 2005*

|  | <i>Balance<br/>9-30-04</i> | <i>Additions</i>     | <i>Deletions</i> | <i>Balance<br/>9-30-05</i> |
|--|----------------------------|----------------------|------------------|----------------------------|
| <b>Record types</b>                                      |                            |                      |                  |                            |
| <b>Artifacts (# of items)</b>                            |                            |                      |                  |                            |
| Presidential libraries                                   | 538,614                    | 3,442                |                  | 542,056                    |
| Office of Regional Records                               |                            |                      |                  |                            |
| Services   | 20                         |                      |                  | 20                         |
| Washington, DC   | 1,491                      |                      | (3)              | 1,488                      |
| <b>Total</b>   | <b>540,125</b>             | <b>3,442</b>         | <b>(3)</b>       | <b>543,564</b>             |
| <b>Traditional holdings<br/>(in cubic feet)</b>          |                            |                      |                  |                            |
| Presidential libraries                                   | 238,111                    |                      | (6,540)          | 231,571                    |
| Office of Regional Records                               |                            |                      |                  |                            |
| Services   | 633,650                    | 43,702               |                  | 677,352                    |
| Washington, DC   | 2,221,395                  | 24,253               |                  | 2,245,648                  |
| Affiliated archives                                      | 7,198                      | 5,227                |                  | 12,425                     |
| <b>Total</b>   | <b>3,100,354</b>           | <b>73,182</b>        | <b>(6,540)</b>   | <b>3,166,996</b>           |
| <b>Electronic holdings<br/>(in logical data records)</b> |                            |                      |                  |                            |
| Presidential libraries                                   | 35,308,040                 |                      |                  | 35,308,040                 |
| Washington, DC   | 5,593,834,700              | 2,479,249,711        |                  | 8,073,084,411              |
| <b>Total</b>   | <b>5,629,142,740</b>       | <b>2,479,249,711</b> | <b>—</b>         | <b>8,108,392,451</b>       |
| <b>Non-record types</b>                                  |                            |                      |                  |                            |
| <b>Buildings and structures<br/>(in units)</b>           |                            |                      |                  |                            |
| Presidential libraries                                   | 17                         | 1                    |                  | 18                         |
| Archives I   | 1                          |                      |                  | 1                          |
| Multiuse buildings                                       | 1                          | 1                    |                  | 2                          |
| <b>Total</b>   | <b>19</b>                  | <b>2</b>             | <b>—</b>         | <b>21</b>                  |
| <b>Land in pieces, multiuse</b>                          | <b>2</b>                   |                      |                  | <b>2</b>                   |

As discussed in note 1K, NARA defines heritage assets as possessing significant educational, cultural or historic characteristics. All Presidential libraries and the National Archives Building are classified as heritage assets, as are all the holdings which include artifacts, traditional holdings, and electronic holdings.

Record types:

- *Artifacts* are objects whose archival value lies in the items themselves rather than in any information recorded upon them. The unit of measure for artifacts is the artifact.
- *Traditional textual (paper)* are records on paper whose intellectual content is primarily textual. The unit of measure for traditional textual is cubic feet.
- *Traditional nontextual (all media)* category includes all records not classified as textual (paper), artifacts, or electronic records. It includes still pictures on paper and film; posters; architectural drawings, charts, maps, and other cartographic records on paper; textual records on microfilm; as well as motion pictures, video, sound recordings, and other clearly nontextual records. The unit of measure for traditional nontextual is cubic feet.
- *Electronic records* are records on electronic storage media. The unit of measure for electronic records is the logical data record.

The Archivist determines, through the scheduling and appraisal process, whether records have sufficient administrative, legal, research or other value to warrant their continued preservation by the Government and for how long (44 USC 3303a). When in the public interest, the Archivist may accept Government records for historical preservation (44 USC 2107) and accept non-Government papers and other historical materials for deposit (44 U.S.C. 2111). The Archivist also administers Presidential and Vice Presidential records in accordance with 44 U.S.C. Chapter 22. Methods of acquisition and disposal are according to the guidelines established through the legal authority granted to NARA. Information about the condition and deferred maintenance information is contained in the Deferred Maintenance section of the Required Supplementary Information.

Multiuse heritage assets reported above comprise two buildings and two pieces of land, which are sites for current or future multi-use regional archival facility. These are also included in PP&E on the Balance Sheet (note 7).

During the year, significant repairs and renovations, in the amount of \$11,270 thousand, were made to the heritage asset buildings. Of that amount, \$880 thousand came from gifts. These costs are broken out separately on the Statement of Net Cost as "Heritage asset renovation costs."

**Required Supplementary Information**

**Schedule of Intragovernmental Amounts**

For the Year Ended September 30, 2005  
(in thousands)

*Intragovernmental Assets*

| <b>Trading Partner</b>          | <b>Fund<br/>balance with<br/>Treasury</b> | <b>Investment<br/>s</b> | <b>Accounts<br/>receivable</b> | <b>Prepaid<br/>expenses</b> |
|---------------------------------|---|-------------------------|--------------------------------|-----------------------------|
| Department of the Treasury      | \$ 167,231                                | \$ 14,740               | \$ 20                          | \$ —                        |
| General Services Administration |   |                         | —                              | —                           |
| Department of Defense           |   |                         | 8,778                          | —                           |
| Department of Labor             |   |                         | 1                              | —                           |
| National Science Foundation     |   |                         | —                              | —                           |
| Other                           |   |                         | 382                            | —                           |
| <b>Total</b>                    | <b>\$ 167,231</b>                         | <b>\$ 14,740</b>        | <b>\$ 9,181</b>                | <b>\$ —</b>                 |

*Intragovernmental Liabilities*

| <b>Trading Partner</b>          | <b>Accounts<br/>Payable</b> | <b>Other</b>    |
|---------------------------------|-----------------------------|-----------------|
| Department of the Treasury      | \$ 119                      | \$ —            |
| General Services Administration | 607                         | 1,614           |
| Department of Defense           | 289                         | —               |
| Department of Labor             | 73                          | 1,840           |
| National Science Foundation     | 1,751                       | —               |
| Other                           | 527                         | —               |
| <b>Total</b>                    | <b>\$ 3,366</b>             | <b>\$ 3,454</b> |

## Schedule of Intragovernmental Amounts

For the Year Ended September 30, 2004  
 (in thousands)

### Intragovernmental Assets

| Trading Partner                            | Fund<br>balance with<br>Treasury | Investments      | Accounts<br>receivable | Prepaid<br>expenses |
|--|----------------------------------|------------------|------------------------|---------------------|
| Department of the Treasury                 | \$ 185,207                       | \$ 31,205        | \$ 2,752               | \$ —                |
| Department of Defense                      |                                  |                  | 6,352                  | —                   |
| Department of Justice                      |                                  |                  | 1,152                  | —                   |
| U.S. Courts                                |                                  |                  | 687                    | —                   |
| Department of Health and<br>Human Services |                                  |                  | 465                    | —                   |
| U.S. Postal Service                        |                                  |                  | 160                    | 40                  |
| Other                                      |                                  |                  | 2,583                  | —                   |
| <b>Total</b>                               | <b>\$ 185,207</b>                | <b>\$ 31,205</b> | <b>\$ 14,151</b>       | <b>\$ 40</b>        |

### Intragovernmental Liabilities

| Trading Partner                         | Accounts<br>Payable | Other            |
|---|---------------------|------------------|
| Department of the Treasury              | \$ —                | \$ 17,453        |
| General Services Administration         | 1,715               | 2,141            |
| Department of Defense                   | 549                 | —                |
| Department of Labor                     | 171                 | 1,303            |
| Office of Personnel Management          | 271                 | —                |
| Department of Health and Human Services | 68                  | —                |
| Other                                   | 633                 | 397              |
| <b>Total</b>                            | <b>\$ 3,407</b>     | <b>\$ 21,294</b> |

***Schedule of Budgetary Resources by Major Budget Accounts***

*(in thousands)*

|  | Fiscal Year 2005                                     |                  |                   |
|--|--|------------------|-------------------|
|  | <i>Records and<br/>Archives-Related<br/>Services</i> | <i>Gift Fund</i> | <i>Trust Fund</i> |
| <b>Budgetary Resources</b>                     |  |                  |                   |
| Budget authority                               |  |                  |                   |
| Appropriations received                        | \$ 266,945   | \$ 10,215        | \$ —              |
| Unobligated balance, beginning of period       | 5,376  | 7,935            | 9,583             |
| Spending authority from offsetting collections |  |                  |                   |
| Earned   |  |                  |                   |
| Collected                                      | 9,677  | —                | 16,209            |
| Receivable from Federal sources                | (295)  | (46)             | 106               |
| Change in unfilled customer orders             |  |                  |                   |
| Advance received                               | —  | —                | 96                |
| Without advance from Federal sources           | —  | —                | (2)               |
| <b>Subtotal</b>                                | <b>9,382</b>   | <b>(46)</b>      | <b>16,409</b>     |
| Recoveries of prior year obligations           | 13,969   | 92               | 1,552             |
| Permanently not available                      | (14,338)   | —                | —                 |
| <b>Total Budgetary Resources</b>               | <b>281,334</b>                                       | <b>18,196</b>    | <b>27,544</b>     |
| <b>Status of Budgetary Resources</b>           |  |                  |                   |
| Obligations incurred                           |  |                  |                   |
| Direct   | 265,547  | 13,573           | 16,579            |
| Reimbursable                                   | 652  | —                | —                 |
| <b>Subtotal</b>                                | <b>266,199</b>                                       | <b>13,573</b>    | <b>16,579</b>     |
| Unobligated balance                            |  |                  |                   |
| Apportioned                                    | 667  | —                | —                 |
| Exempt from apportionment                      | —  | 4,623            | 10,965            |
| Unobligated balances not yet available         | 14,468   | —                | —                 |
| <b>Total status of budgetary resources</b>     | <b>281,334</b>                                       | <b>18,196</b>    | <b>27,544</b>     |
| <b>Relationship of Obligations to Outlays</b>  |  |                  |                   |
| Obligated balance, net, beginning of period    | 68,052   | 260              | 1,724             |
| Obligated balance, net, end of period          |  |                  |                   |
| Accounts receivable                            | (108)  |                  | (674)             |
| Unfilled customer orders from Federal sources  |  |                  |                   |
| Undelivered orders                             | 29,639   | —                | 807               |
| Accounts payable                               | 17,649   | 4                | 1,046             |
| Outlays  |  |                  |                   |
| Disbursements                                  | 273,397  | 13,783           | 15,467            |
| Collections                                    | (9,677)  | —                | (16,305)          |
| <b>Total outlays</b>                           | <b>\$ 263,720</b>                                    | <b>\$ 13,783</b> | <b>\$ (838)</b>   |

**National Archives and Records Administration**  
**Performance and Accountability Report, FY 2005**

**Fiscal Year 2005**

| <i>Electronic<br/>Records Archives</i> | <i>National Historical<br/>Publications and<br/>Records Commission<br/>Grants</i> | <i>Archives Facilities and<br/>Presidential Libraries<br/>Repairs and Restorations</i> | <i>Records Center and<br/>Storage Services</i> | <i>Total</i>      |
|--|---|--|--|-------------------|
| \$ 35,914                              | \$ 5,000  | \$ 13,432  | \$ —   | \$ 331,506        |
| 6,689                                  | 1,679   | 18,153   | 13,091   | 62,506            |
| —                                      | —   | 2  | 142,365  | 168,253           |
| —                                      | —   | —  | (5,175)  | (5,410)           |
| —                                      | —   | —  | —  | —                 |
| —                                      | —   | —  | (768)  | (770)             |
| —                                      | —   | 2  | 136,422  | 162,169           |
| 876                                    | 251   | 4,819  | 5,771  | 27,330            |
| (287)                                  | (40)  | (108)  | —  | (14,773)          |
| <b>43,192</b>                          | <b>6,890</b>  | <b>36,298</b>  | <b>155,284</b>                                 | <b>568,738</b>    |
| 39,508                                 | 6,399   | 16,906   | —  | 358,512           |
| —                                      | —   | —  | 134,861  | 135,513           |
| 39,508                                 | 6,399   | 16,906   | 134,861  | 494,025           |
| 3,490                                  | 491   | 19,392   | —  | 24,040            |
| —                                      | —   | —  | 20,423   | 36,011            |
| 194                                    | —   | —  | —  | 14,662            |
| <b>43,192</b>                          | <b>6,890</b>  | <b>36,298</b>  | <b>155,284</b>                                 | <b>568,738</b>    |
| 32,155                                 | 12,240  | 20,902   | 5,829  | 141,162           |
| —                                      | —   | —  | (9,153)  | (9,935)           |
| 33,247                                 | 10,715  | 5,236  | 3,680  | 83,324            |
| 5,600                                  | 268   | 888  | 8,461  | 33,916            |
| 31,940                                 | 7,405   | 26,865   | 137,873  | 506,730           |
| —                                      | —   | (2)  | (142,365)                                      | (168,349)         |
| <b>\$ 31,940</b>                       | <b>\$ 7,405</b>   | <b>\$ 26,863</b>   | <b>\$ (4,492)</b>                              | <b>\$ 338,381</b> |

**Schedule of Budgetary Resources by Major Budget Accounts**

(in thousands)

|  | Fiscal Year 2004                            |                 |                 |
|--|---|-----------------|-----------------|
|  | Records and<br>Archives-Related<br>Services | Gift Fund       | Trust Fund      |
| <b>Budgetary Resources</b>                     |   |                 |                 |
| Budget authority                               |   |                 |                 |
| Appropriations received                        | \$ 256,700                                  | \$ 3,818        | \$ 1            |
| Unobligated balance, beginning of period       | 4,686                                       | 8,011           | 10,451          |
| Spending authority from offsetting collections |   |                 |                 |
| Earned   |   |                 |                 |
| Collected                                      | 15,809                                      | 1               | 13,777          |
| Receivable from Federal sources                | 71  | 10              | 95              |
| Change in unfilled customer orders             |   |                 |                 |
| Advance received                               | —   | —               | (88)            |
| Without advance from Federal sources           | —   | —               | 2               |
| <b>Subtotal</b>                                | <b>15,880</b>                               | <b>11</b>       | <b>13,786</b>   |
| Recoveries of prior year obligations           | 14,971                                      | 15              | 301             |
| Permanently not available                      | (12,060)                                    | —               | —               |
| <b>Total Budgetary Resources</b>               | <b>280,177</b>                              | <b>11,855</b>   | <b>24,539</b>   |
| <b>Status of Budgetary Resources</b>           |   |                 |                 |
| Obligations incurred                           |   |                 |                 |
| Direct   | 272,434                                     | 3,921           | 14,891          |
| Reimbursable                                   | 2,365                                       | —               | —               |
| <b>Subtotal</b>                                | <b>274,799</b>                              | <b>3,921</b>    | <b>14,891</b>   |
| Unobligated balance                            |   |                 |                 |
| Apportioned                                    | 608   | —               | —               |
| Exempt from apportionment                      | —   | 7,934           | 9,648           |
| Unobligated balances not yet available         | 4,770                                       | —               | —               |
| <b>Total status of budgetary resources</b>     | <b>280,177</b>                              | <b>11,855</b>   | <b>24,539</b>   |
| <b>Relationship of Obligations to Outlays</b>  |   |                 |                 |
| Obligated balance, net, beginning of period    | 61,212                                      | 4,298           | 793             |
| Obligated balance, net, end of period          |   |                 |                 |
| Accounts receivable                            | (403)                                       | (46)            | (568)           |
| Unfilled customer orders from Federal sources  | —   | —               | (2)             |
| Undelivered orders                             | 50,550                                      | 276             | 1,305           |
| Accounts payable                               | 17,905                                      | 30              | 987             |
| Outlays  |   |                 |                 |
| Disbursements                                  | 252,919                                     | 7,933           | 13,562          |
| Collections                                    | (15,809)                                    | (1)             | (13,689)        |
| <b>Total outlays</b>                           | <b>\$ 237,110</b>                           | <b>\$ 7,932</b> | <b>\$ (127)</b> |

**National Archives and Records Administration**  
**Performance and Accountability Report, FY 2005**

**Fiscal Year 2004**

| <i>Electronic<br/>Records Archives</i> | <i>National Historical<br/>Publications and<br/>Records Commission<br/>Grants</i> | <i>Archives Facilities and<br/>Presidential Libraries<br/>Repairs and Restorations</i> | <i>Records Center and<br/>Storage Services</i> | <i>Total</i>      |
|--|---|--|--|-------------------|
| \$ 35,914                              | \$ 10,000   | \$ 13,708  | \$ —   | \$ 320,141        |
| 5,696                                  | 1,012   | 17,269   | 13,399   | 60,524            |
| —                                      | 13  | 485  | 130,888  | 160,973           |
| —                                      | (4)   | —  | 2,236  | 2,408             |
| —                                      | —   | —  | —  | (88)              |
| —                                      | —   | —  | —  | 2                 |
| 0                                      | 9   | 485  | 133,124  | 163,295           |
| 435                                    | 280   | 873  | 4,221  | 21,096            |
| (212)                                  | (59)  | (81)   | —  | (12,412)          |
| <b>41,833</b>                          | <b>11,242</b>   | <b>32,254</b>  | <b>150,744</b>                                 | <b>552,644</b>    |
| 35,144                                 | 9,563   | 13,616   | —  | 349,569           |
| —                                      | —   | 485  | 137,653  | 140,503           |
| 35,144                                 | 9,563   | 14,101   | 137,653  | 490,072           |
| 6,689                                  | 1,679   | 18,153   | —  | 27,129            |
| —                                      | —   | —  | 13,091   | 30,673            |
| —                                      | —   | —  | —  | 4,770             |
| <b>41,833</b>                          | <b>11,242</b>   | <b>32,254</b>  | <b>150,744</b>                                 | <b>552,644</b>    |
| 7,631                                  | 9,552   | 55,865   | 2,815  | 142,166           |
| —                                      | —   | —  | (14,328)                                       | (15,345)          |
| —                                      | —   | —  | (768)  | (770)             |
| 30,040                                 | 11,876  | 15,428   | 10,004   | 119,479           |
| 2,117                                  | 364   | 5,474  | 10,921   | 37,798            |
| 10,184                                 | 6,598   | 48,192   | 128,181  | 467,569           |
| —                                      | (13)  | (485)  | (130,888)                                      | (160,885)         |
| <b>\$ 10,184</b>                       | <b>\$ 6,585</b>   | <b>\$ 47,707</b>   | <b>\$ (2,707)</b>                              | <b>\$ 306,684</b> |

***Segment Information—Revolving Fund***

NARA's Revolving Fund provides storage and related services of Federal records still in agency custody and other instrumentalities of the Federal Government. The related services comprise retrieving, transferring, re-filing, and disposing of the stored Federal records. The fund's major customers (organizations that account for more than 15 percent of the Fund's revenues) are the Department of Defense and the Internal Revenue Service.

The following summarizes revolving fund financial information as of September 30, 2005, and September 30, 2004 (*in thousands*):

|   | <b><u>2005</u></b> | <b><u>2004</u></b> |
|---|--------------------|--------------------|
| Fund balance  | \$ 23,413          | \$ 18,921          |
| Accounts receivable   | 9,200              | 14,371             |
| Property, plant, and equipment                              | 21,048             | 22,915             |
| Other assets  | 1,029              | 1,014              |
| Liabilities due and payable for goods and services received | 2,984              | 5,487              |
| Other liabilities   | 16,395             | 15,114             |
| Cumulative results of operations                            | \$ 35,311          | \$ 36,620          |

The following summarizes, for the period ended September 30, 2005 and September 30, 2004, the full cost of services provided, the related exchange revenues, and the excess of full costs over exchange revenues for the revolving fund (*in thousands*):

| <b><u>Records center storage and services</u></b>                         | <b><u>2005</u></b>     | <b><u>2004</u></b>     |
|---|------------------------|------------------------|
| Intragovernmental gross costs   | \$ 73,004              | \$ 64,177              |
| Less: Intragovernmental earned revenue                                    | (136,153)              | (129,574)              |
| Intragovernmental net costs   | (63,149)               | (65,397)               |
| Gross costs with the public   | 70,820                 | 77,268                 |
| Less: Earned revenues from the public                                     | (993)                  | (3,547)                |
| Net costs with the public   | 69,827                 | 73,721                 |
| <b><u>Total net records center storage and services program costs</u></b> | <b><u>\$ 6,678</u></b> | <b><u>\$ 8,324</u></b> |

The segment information is presented prior to intra-agency eliminations and will, therefore, not agree to the Statement of Net Cost for the Revolving Fund, which is shown on a consolidated basis.

***Deferred Maintenance***

NARA owns, builds, purchases, and manages assets including the National Archives Building, the National Archives at College Park, MD, the Southeast regional archives building in Atlanta, GA, the Presidential libraries, and land for a future regional archive building. All of these support NARA's stated mission. Recent major renovations have been completed at the National Archives Building and many of the Presidential libraries.

NARA uses the condition assessment method to determine the condition of fixed assets and determine deferred maintenance. The condition assessment surveys (CAS) at NARA are conducted by a professional architectural firm, which performs Building Condition Reports (BCR) for all NARA owned facilities on a periodic basis. During FY 2005 NARA formalized the BCR process and established a five-year schedule so that all buildings will have a BCR completed on a five-year cycle. Facility managers will continue to perform condition assessments annually to identify critical needs between BCRs. Maintenance required to bring fixed assets to acceptable condition, which is not scheduled or performed when needed, is included in the deferred maintenance estimate below.

Due to the scope, nature, and variety of the assets and the nature of the deferred maintenance, exact estimates are very difficult to determine. Current estimates include correcting deficiencies that relate to the safety or the protection of valuable materials, modifications to provide safety and public accessibility to the facility, and electrical upgrades to prevent loss of critical data. The estimates generally exclude vehicles and other categories of operating equipment.

At the end of fiscal year 2005, 10 locations are included for the deferred maintenance estimate including eight Presidential libraries. The included projects are either a part of major renovations or have been identified from a current BCR. Also included is a roof repair at a Presidential library that was identified before the current BCR schedule and is a critical maintenance need.

| <u>Category</u>             | <u>Method</u> | <u>Acceptable<br/>Asset Condition</u> | <u>Estimated<br/>Deferred Maintenance</u> |
|-----------------------------|---------------|---------------------------------------|---|
| Heritage assets – Buildings | CAS           | Good                                  | \$27 to 28 million                        |
| Multiuse assets – Buildings | CAS           | Good                                  | \$1.9 to 2 million                        |

NARA categorizes facilities and equipment according to condition using terms such as those shown below:

- *Good.* Facilities/equipment condition meets established maintenance standards, operates efficiently, and has a normal life expectancy. Scheduled maintenance should be sufficient to maintain the current condition. There is no deferred maintenance on building, and equipment in good condition.
- *Fair.* Facilities/equipment condition meets minimum standards but requires additional maintenance or repairs to prevent further deterioration, increase operating efficiency and to achieve normal life expectancy.
- *Poor/Unsatisfactory.* Facilities/equipment condition does not meet most maintenance standards and requires frequent repairs to prevent accelerated deterioration and provide a minimal level of operating function.

In addition, NARA is a custodian for numerous holdings as detailed in the Required Supplementary Stewardship Information. As custodian, NARA makes tremendous efforts to ensure the continued preservation of these holdings. For example, the condition of electronic records is either stabilized or not stabilized. Stabilized is defined as follows: the physical file containing one or more logical data records has been identified and its location, format and internal structure(s) specified; logical data records within the file are

physically readable and retrievable; the media, the physical files written on them, and the logical data records they contain are managed to ensure continuing accessibility; and an audit trail is maintained to document record integrity. Files that are not stabilized are in the pipeline, awaiting processing, unreadable for technical reasons, or unreadable because the media are deteriorating. Currently, over 97 percent of the records have been stabilized, and ongoing work continues to stabilize the rest to the extent possible.



APPENDIX A

## INSPECTOR GENERAL'S ASSESSMENT OF MANAGEMENT CHALLENGES FACING NARA

Under the authority of the Inspector General Act, the NARA OIG conducts and supervises independent audits, investigations, and other reviews to promote economy, efficiency, and effectiveness and prevent and detect fraud, waste, and mismanagement. To fulfill that mission and help NARA achieve its strategic goals, we have aligned our programs to focus on areas that we believe represent the agency's most significant challenges. We have identified those areas as NARA's top 10 management challenges. Under these are the related audits, investigations, and reviews that were performed in FY 2005.

### 1. Electronic Records Archives (ERA)

NARA and the Lockheed-Martin Corporation, is building an Electronic Records Archives (ERA) with the goal of ensuring the preservation of, and access to, Government electronic records. The pace of technological progress makes formats in which the records are stored obsolete within a few years, threatening to make them inaccessible even if they are preserved intact.

ERA is to be a comprehensive, systematic, and dynamic means of preserving virtually any kind of electronic record, free from dependence on any specific hardware or software. The ERA system is targeted to make it possible for Federal agencies to transfer any type or format of electronic record to the National Archives so that citizens can locate records of interest and the National Archives can deliver these materials in a usable format.

NARA's challenge is to build a system that will accommodate past, present, and future formats of electronic records. To mitigate the risks associated with development and acquisition of an advanced electronic archival system, Congress directed NARA to reassess the ERA project schedule based on estimates of the amount of work and resources required to complete each task. Beginning on October 1, 2002, NARA was required to submit to Congress a quarterly report on the status of the project's schedule, budget, and expenditures as measured against a reported baseline; a prioritization of project risks and their mitigation efforts; and corrective actions taken to manage identified schedule slippage, cost overruns, or quality problems that might occur. By September 2007, NARA plans to have initial operating capability for ERA with incremental improvements that will eventually result in full system capability. The challenge will be to deliver and maintain a functional ERA system that will preserve electronic records for as long as needed.

### 2. Electronic Records Management (ERM)

NARA directs one of 24 Government-wide initiatives, the Electronic Records Management (ERM) initiative. The ERM initiative will provide guidance to agencies in managing and transferring to NARA, in an increasing variety of data types and formats, their permanent electronic records. For many years, Federal records were created on paper and stored in files and boxes with NARA. Now, electronic records are created by Government agencies at an astounding rate, challenging NARA to find ways to manage and

preserve them. NARA is a key player in e-Government and managing partner for the e-Government ERM initiative. E-Government is part of President Bush's management agenda aimed at making it easier for citizens to obtain high-quality service from the Federal Government while reducing the cost of delivering those services. NARA enlisted partner agencies, developed a detailed plan for accomplishing its objectives, and issued the first guidance on transferring e-mail records to NARA.

NARA and its Government partners are challenged with trying to figure out how to manage electronic records in an electronic manner, to make ERM and e-Government work more effectively.

### **3. Improving Records Management**

NARA's mission is to ensure that Federal officials and the American public have ready access to essential evidence. One way NARA addresses its mission is by assisting agencies with the management of their records from the time that those records are created. Without effective records management, records needed to document citizens' rights, actions for which Federal officials are responsible, and the historical experience of our nation will be at risk of loss, deterioration, or destruction. According to NARA's Strategic Plan, to minimize these risks, NARA will work in active partnership with the Administration, Federal officials, the Congress, and Federal courts to help them create, identify, appropriately schedule, and manage record material. This will enable the Government to preserve records as long as they are needed to protect rights, ensure accountability, document the national experience, and to destroy records as soon as it is practical to do so when they are no longer needed.

NARA must work with Federal agencies to make scheduling, appraisal, and accessioning processes more effective and timely. The challenge is how best to accomplish this component of our overall mission and identify and react to agencies with critical records management needs.

### **4. Information Technology Security**

The authenticity and reliability of our electronic records and information technology systems are only as good as our IT security infrastructure. Each year, the risks and challenges to IT security continue to evolve. NARA must ensure the security of its data and systems or risk undermining the agency's credibility and ability to carry out its mission.

IT security becomes even more critical as NARA increases its visibility through the implementation of e-Government initiatives that expand online services to the public. The more NARA increases electronic access to its services and records, the more vulnerable the agency is to intrusions, viruses, privacy violations, fraud, and other abuses of its systems. The risk related to IT security is endemic to all Federal agencies and has been identified by the GAO as one of its top 10 high-risk challenges.

*Audits, investigations, and reviews performed in FY 2005:*

- Audit of NARA's Intrusion Detection System
- Review of NARA's Information Technology Investment Management Decide Process Accomplished for the Novell Software Upgrade Project

- NARA's Investment Management Decide Process
- Review of Proposed Modification of the Information Technology Support Services Task Order Security Program Requirements
- Server Vulnerability
- Review of the Management and Operations of NARA's Help Desk
- Review of NARA's Acquisition of Storage Management Software

## **5. Expanding Public Access to Records**

In a democracy, the records of its archives belong to its citizens. NARA's challenge is to more aggressively inform and educate our customers about the services we offer and the essential evidence to which we can provide access. NARA envisions expanding opportunities for individual citizens, educational institutions, and Federal agencies to make use of those records. New technologies are making it easier to reach all users in their homes, schools, and workplaces. NARA must increase partnerships with Government agencies at all levels and with universities and corporate communities to take advantage of new means to bring the holdings of the National Archives to people no matter where they are located.

Mastering this challenge requires that NARA listen to its customers and improves access to records in ways that meet customer needs and customer service standards. This will require NARA to enhance activities such as creating comprehensive catalogs and indexes for our holdings so that users can find the records they need; make documentary material available through the Internet; improve reference service; and help Presidents at the beginning of their administrations plan for public access to their records in Presidential libraries.

*Audits, investigations, and reviews performed in FY 2005:*

- Evaluation of NARA's Processes for Handling Personal Information Collected from the Public

## **6. Meeting Storage Needs of Growing Quantities of Records**

NARA-promulgated regulation, 33CFR, Part 1228, "Disposition of Federal Records," Subpart K, "Facility Standards for Records Storage Facilities," requires all facilities that house Federal records to meet defined physical and environmental requirements by FY 2009.

Specifically, in January 2000, NARA revised the regulations for public and private facilities that store Federal records to (1) improve the environment and safeguards for Federal records by incorporating stricter facility standards and advances in sprinkler technology, (2) reflect building design measures that may prevent or minimize fire and water damage to records, and (3) ensure uniform facility standards for all records centers, both public and private, that store and protect Federal records. NARA's challenge is to ensure compliance with these regulations internally as well as by other agencies that house Federal records.

## **7. Preservation Needs of Records**

The Archivist has identified preservation as a material weakness under the FMFIA reporting process. NARA cannot provide public access to records to support researchers'

needs unless it can preserve them for as long as needed. Providing public access to records for future generations requires that NARA assess the preservation needs of the records, provide storage that retards deterioration and treat or duplicate and reformat records at high risk for deterioration. NARA must preserve paper records and motion pictures, audio recordings, videotapes, still photography, aerial photography, microfilm and other microforms, and maps and charts in a variety of formats in our holdings. NARA must ensure that its risk management program adequately identifies and addresses all records needing preservation in a timely manner.

NARA holdings grow older daily and are deteriorating. NARA is challenged to address the following questions: Are we effectively identifying those holdings that are both most at risk and most important in terms of priority? Who makes this determination, upon what criteria is it based, and is it being soundly and properly applied? Are resources and the technology available and sufficient to meet the preservation needs of these records?

*Audits, investigations, and reviews performed in FY 2005:*

- |   |
|---|
| <ul style="list-style-type: none"><li>• Evaluation of NARA's Preservation Program</li></ul> |
|---|

## **8. Improving Financial Management**

By inclusion under the Accountability of Tax Dollars Act of 2002, NARA is required to prepare audited financial statements in compliance with prescribed standards, subject to independent audit.

The Federal Government has a stewardship obligation to prevent fraud, waste, and abuse; to use tax dollars appropriately; and to ensure financial accountability to the President, the Congress, and the American people. Timely, accurate, and useful financial information is essential for making day-to-day operating decisions; managing the Government's operations more efficiently, effectively, and economically; meeting the goals of the Federal financial management reform legislation (Chief Financial Officers Act); supporting results-oriented management approaches; and ensuring accountability on an ongoing basis.

In identifying improved financial performance as one of its five Government-wide initiatives, the President's Management Agenda (PMA) stated that a clean financial audit is a basic prescription for any well-managed organization and recognized that "most federal agencies that obtain clean audits only do so after making extraordinary, labor-intensive assaults on financial records." Further, the PMA stated that without sound internal controls and accurate and timely financial information, it is not possible to accomplish the President's agenda to secure the best performance and highest measure of accountability for the American people.

*Audits, investigations, and reviews performed in FY 2005:*

- Audit of the National Archives Records Center Revolving Fund FY 2003 Financial Statements
- Audit of the National Archives Trust Fund FY 2003 Financial Statements
- Audit of the National Archives Gift Fund FY 2003 Financial Statements
- Evaluation of NARA's FY 2004 Management Control Program
- Audit of the National Archives and Records Administration Consolidated Financial Statements FY 2004
- Audit of the Travel Card Program
- Prompt Payment Audit

- Review of NHPRC Grants
- Audit of the National Archives Trust Representational Fund

## 9. Physical Security

NARA must maintain adequate levels of physical security over our facilities and holdings to ensure the safety and integrity of persons and holdings within our facilities. This is especially critical in light of the new realities that face this nation, post-September 11, and the risks that our holdings may be pilfered by persons for a variety of motivations, defaced, or destroyed by fire or other natural disasters.

The Archivist has identified security of collections as a material weakness under the Financial Manager's Financial Integrity Act (FMFIA) reporting process. Our facilities hold records that serve to document the rights of citizens, the actions of Government officials, and the national experience. They also hold a new class of records identified as "Records of Concern" (ROC). These are records that could be useful to individuals or entities in the planning and conduct of hostile acts against this nation.

Three primary challenges facing NARA are to (1) provide quality service to our customers while instituting reasonable internal controls to prevent theft and to maintain documentation for supporting recovery of disenfranchised holdings and subsequent prosecution of those who would steal from NARA; (2) take every reasonable, appropriate measure possible to limit access to ROC and act expeditiously in coordinating efforts with appropriate law enforcement entities as warranted and appropriate; and (3) protect and safeguard our facilities and the employees who work in them and to mitigate the potential for damage and destruction through both natural and deliberately precipitated acts.

|  |
|--|
| <i>Audits, investigations, and reviews performed in FY 2005:</i> |
|--|

- |  |
|--|
| <ul style="list-style-type: none"><li>• NARA's Ability to Inspect Employee's Personal Property</li></ul> |
|--|

## 10. Strengthening Human Capital

The GAO has identified human capital as a Government-wide high risk. Strategic human capital management should be the centerpiece of any serious change management initiative or any effort to transform the cultures of Government agencies. Serious human capital shortfalls, however, continue to erode the ability of many agencies, and threaten the ability of others, to economically, efficiently, and effectively perform their missions. According to GAO, the major problem is the lack of a consistent strategic approach to marshaling, managing, and maintaining the human capital needed to maximize Government performance and ensure its accountability. People are an agency's most important organizational asset. An organization's people define its character, affect its capacity to perform, and represent the knowledge base of the organization. Agencies can improve their performance by the way that they treat and manage their people and building commitment and accountability through involving and empowering employees.

NARA's challenge is to adequately assess its human capital needs in order to effectively recruit, retain, and train people with the technological understanding and content knowledge that NARA needs for future success. According to NARA's Strategic Plan, NARA must include preparation for training the leaders of tomorrow in its plans. Further, NARA must help those current staff members possessing traditional archival training to add skills necessary for working with new technologies. In addition, NARA

must replace valuable staff members lost to retirement with others able to deal with records in the electronic information age. Moreover, NARA must partner with universities and professional associations to determine educational requirements for the 21st century.

APPENDIX B  
**FEDERAL MANAGERS' FINANCIAL INTEGRITY ACT  
REPORT**



*National Archives and Records Administration*

8601 Adelphi Road  
College Park, Maryland 20740-6001

October 20, 2005

The President  
The White House  
Washington, DC 20500

Dear Mr. President:

Enclosed is the Federal Managers' Financial Integrity Act (Integrity Act) report for Fiscal Year 2005 for the National Archives and Records Administration (NARA).

Pursuant to Section 2 of the Integrity Act, we identified two material weaknesses in fiscal years 2000 and 2001. An additional weakness was identified in fiscal year 2005. A summary of actions taken to address the computer security weakness is included as Enclosure B. Two corrective action plans are attached (Enclosures C and D) for material weaknesses in collections security and preservation of textual records.

- Enclosure B summarizes actions on computer security – closed in FY 2005
- Enclosure C explains our progress on collections security – reported in FY 2001
- Enclosure D provides a corrective action plan on preservation of textual records – reported in FY 2005.

It is my informed judgment that there is reasonable assurance that NARA's management controls are achieving their intended objectives. This assessment is based on management control evaluations and other written evaluations conducted in the 12 NARA offices and staff organizations and senior management's knowledge gained from the daily operations of NARA programs and systems. I have also relied upon the advice of the Office of the Inspector General concerning this statement of assurance.

Pursuant to Section 4 of the Integrity Act, the financial subsystems of NARA generally conform to the objectives detailed in OMB Circular A-127, revised. Although three systems (Order Fulfillment Accounting System; Trust Fund – Gift Fund Financial Review, Analysis, and Reporting System; and Records Center Revolving Fund financial management systems) are not in complete conformance because they fail to meet the financial management system requirements, the non-conformances are not deemed material.

Additional details on NARA compliance with the Integrity Act are provided in Enclosure A.

Respectfully,

ALLEN WEINSTEIN  
Archivist of the United States

Enclosures (4)

**ENCLOSURE A  
 STATISTICAL SUMMARY OF PERFORMANCE**

**Section 2. Management Controls**

Number of Material Weaknesses

|             | <u>Number reported for<br/>the first time in</u> | <u>For that year,<br/>number that has<br/>been corrected:</u> | <u>For that year,<br/>number still<br/>pending</u> |
|-------------|--|---|--|
| Prior Years | 6  | 5   | 1  |
| 2002 Report | 0  | 0   | 1  |
| 2003 Report | 0  | 0   | 1  |
| 2004 Report | 0  | 0   | 1  |
| 2005 Report | 1  | 0   | 2  |
| Total       | 7  | 5   | 2  |

**Section 4. Financial Management Systems**

Number of Material Non-conformances\*

|             | <u>Number reported for<br/>the first time in:</u> | <u>For that year,<br/>number that has<br/>been corrected:</u> | <u>For that year,<br/>number still<br/>pending</u> |
|-------------|---|---|--|
| Prior Years | 0   | 0   | 0  |
| 2002 Report | 0   | 0   | 0  |
| 2003 Report | 0   | 0   | 0  |
| 2004 Report | 1   | 0   | 1  |
| Total       | 1   | 0   | 1  |

\* The 2004 non-conformance is in a financial services provider system no longer used by NARA.

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**ENCLOSURE B**  
**DESCRIPTION OF MATERIAL WEAKNESS IN MANAGEMENT CONTROLS**

**Title and Description of Material Weakness:** Computer Security

**Name of Responsible Program Manager:** L. Reynolds Cahoon, Assistant Archivist for Human Resources and Information Services and Chief Information Officer

**Source of Discovery:** Internal IT security reviews, a network vulnerability assessment, OIG audits, and the Program Manager's assurance statement to the Archivist of the United States

**Appropriation/Account:** 110

**Pace of Corrective Action on Original Material Weakness**

**Year Identified:** FY 2000

**Original Targeted Correction Date:** FY 2002

**Revised Correction Date:** FY 2005

**Validation Process Used:** All recommendations made to address the four computer security vulnerabilities cited in FY 2000 were implemented. Documentation was supplied to the OIG as it became available. Final documentation related to classified IT systems and IT disaster recovery was provided in August 2005.

**Results Indicators:**

| <b>Major Milestones</b>   | <b>Milestone Dates</b>  |
|---|---|
| 1. Develop policies and procedures for computer security, including a security plan.  | <b>Completed:</b> September 1, 2003   |
| 2. Develop and implement a security awareness program for NARA employees.   | <b>Completed:</b> September 30, 2003  |
| 3. Strengthen firewall protection across the entire network to control inbound and outbound traffic.  | Documentation provided for initial efforts; further work will be done in FY 2006. |
| 4. Formalize, document, and test disaster recovery contingency program.   | <b>Completed:</b> July 14, 2005   |
| 5. Ensure that the inventory of classified IT systems is up-to-date, ensure central control for managing the systems, and certify and accredit the systems. | <b>Completed:</b> July 18, 2005   |

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**ENCLOSURE C**  
**DESCRIPTION OF MATERIAL WEAKNESS IN MANAGEMENT CONTROLS**

Collections Security

NARA reported a material weakness in collections security in FY 2001. Corrective steps have been taken, and many actions have been completed. As described below, improvement in collection security is an ongoing and high priority concern, which will result in continuing reduction of risks.

**Title and Description of Material Weakness:** Collections security

**Name of Responsible Program Manager:** Thomas Mills, Assistant Archivist for Regional Records Services

**Source of Discovery:** OIG investigation

**Appropriation/Account:** 110

**Pace of Corrective Action**

**Year Identified:** FY 2001

**Targeted Correction Date:** FY 2006

**Action and Validation Process That Will Be Used**

NARA will take action in five areas to address this material weakness:

**1. Pre-employment screening** (for all staff that have access to archival records)

- Update and strengthen recruitment policies to
  - Verify resume information
  - Require and check references
  - Document all application and screening activities
  - **Require application and screening process for volunteers and interns**

**2. Staff training and monitoring**

- Train staff and supervisors annually on collections security
- Closely supervise interns and volunteers who work with records
- Require more records personnel to file financial disclosure statements

**3. Security for records storage areas**

- Review and revise, as necessary, security procedures in all records facilities
- Analyze costs and benefits of additional measures such as
  - Separating staff work areas from records storage areas
  - Installing electronic card readers or CCTV systems
  - Reducing number of entry and exit points
- Improve enforcement of existing policies on records handling and transport

**4. Records control**

- Compile accurate container counts and location information for all holdings
- Make back-up copies of finding aids and store as vital records

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- Isolate in secure storage intrinsically valuable records
- Analyze costs and benefits of marking, duplicating, or otherwise protecting valuable records

**5. Theft prevention and response**

- Monitor auction sites, dealer lists, and other sources for possible stolen items
- Improve communication with collections community about possible stolen items
- Publicize widely incidents of theft and the penalties
- Conduct regular audits of collections security policies and practices

**Results Indicators:**

| Major Milestones  | Milestone Dates   |
|---|---|
| 1. Update and strengthen recruitment policies                       | <b>Staff:</b> To be completed in FY 2006<br><b>Volunteers:</b> Completed April 2004   |
| 2. Implement annual training program on collections security        | <b>Completed.</b> Managers' training held October 2003 and September 2004. Managers held staff training in 2005. Training review and verification process to be completed in 2006. Additional training for security guards to be completed in 2006.   |
| 3. Review and revise records security policies                      | To be completed in FY 2006.   |
| 4. Compile accurate container counts and locations for all holdings | <b>Pilot Marking Project:</b> Completed in FY 2005. Evaluate the feasibility of extending the marking program to Regional Archives and Presidential Libraries in FY 2006.<br><b>RFID Testing:</b> Completed in FY 2005. Study concluded that this technology is not a viable option.  |
| 5. Isolate valuable records   | <b>Completed.</b> Sufficient storage capacity was installed at each site as needed to secure valuable records. Developed procedures to be followed in checking the accuracy of information about possible stolen or strayed documents. NARA has an ongoing program to regularly monitor auction sites and dealer catalogs.<br><br>We will evaluate the staffing of the auction site monitoring program in FY 2006.<br><br>NARA will continue a pilot project begun in 2005 with the National Coalition for History to review auction sites to locate Federal, state and local government records that may be strayed or stolen. |

1. **Update and strengthen recruitment policies:** NARA issued interim guidance on the recruitment and use of volunteers on April 23, 2004. This guidance includes requirements for background checks. NARA offices verify resumes, conduct reference checks, and document application and screening activities for staff position hires where employees have access to records. This practice will be documented in FY 2006.
2. **Implement annual training program on collections security:** Regional archives directors received security training at their annual conference in October 2003. In addition, in our continuing effort to improve collections security, NARA contracted with the Society of American Archivists (SAA) to hold a special security training session for research room and facility supervisors in September 2004. The training included experts from SAA and representatives from the OIG, Space and Security Management Division, and Federal Bureau of Investigation. Beginning in FY 2005, program managers and supervisors are responsible for training staff on an annual basis. The OIG has suggested that training focus more attention on the appropriate placement of surveillance cameras. In addition, the OIG has recommended additional training for staff on dealing with new technology products (i.e., laptops, scanners, etc.) that are permitted in research rooms, and for security guards to elevate knowledge of the risk of theft and appropriate responses by guards to reduce risk.
3. **Review and revise records security policies.** In FY 2004, NARA offices drafted a comprehensive security policy which consolidates and expands upon existing NARA policies and procedures. During the policy development process, each program area reviewed internal records security policies and procedures and made changes to increase security in specific areas. For example, NARA requires that staff workstations be moved out of archives stack areas as soon as possible and tightened restrictions on researcher access to stack areas. NARA units reviewed and implemented a “clean research room” policy to better control what researchers can bring in to rooms where they work with original records. NARA also reviewed procedures for delivering records to researchers in research rooms. Closed circuit televisions were installed, improved or repaired in many locations. New records handling and shipping protocols were developed for moving records nationwide to NARA’s secure underground storage caves. The OIG has also recommended that NARA evaluate policies for searching belongings of individuals who are leaving research rooms. The comprehensive update to NARA’s collections security policies will be completed and issued in FY 2006.
4. **Compile accurate container counts and locations for all holdings:** The OIG has identified the lack of item-level control as a significant impediment to document security. This is a difficult problem for NARA, as for all archival repositories, because of the huge number of individual documents in our holdings. Inventory controls are most often instituted at the container level, and sometimes at the folder level, but not at the document level. In FY 2003 NARA improved container location controls, created security copies of records finding aids, and identified and created special storage for intrinsically valuable records. In FY 2004, NARA continued analysis of techniques and costs to physically mark records. A pilot marking project was completed in 2005, and marking protocols were implemented at Archives I and II. However the marking program is time-consuming and resource intensive, and therefore confined to high-risk documents. In 2006, we will evaluate the feasibility of extending the marking program to regional archives and Presidential libraries. NARA also contracted with the University of Maryland to investigate the use of Radio Frequency Identification Tag (RFID) technology as a possible means of marking and tracking the

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location of records. The study concluded that RFID technology is not a viable option, but technology improvements should be monitored in the future.

5. **Isolate valuable records.** NARA offices undertook a major effort to identify valuable records and completed the assessment in May 2004. Sufficient storage capacity was installed as needed at each site to secure valuable records. As other high-value records are identified or accessioned, NARA will ensure that they are stored in secure locations. NARA maintains web pages containing information to assist the public and manuscript collectors in identifying material that might be strayed or stolen Federal records. The web pages include contact information for a specific e-mail address to report suspected stolen items to the OIG. NARA also developed procedures to be followed in checking the accuracy of any information provided from any source about possible stolen or strayed documents. NARA has an ongoing program to regularly monitor auction sites and dealer catalogs. This program is staffed primarily by student interns. The OIG has recommended that professional archivists be assigned staffing responsibility. We will evaluate the staffing of the auction site monitoring program in FY 2006. NARA also began a pilot project in 2005 with the National Coalition for History to review auction sites to locate Federal, state, and local government records that may be strayed or stolen. During FY 2005, an investigation begun in 2004 resulted in the conviction of an individual who had stolen numerous Civil War era documents. This case was widely publicized, and an individual who helped identify the thief was recognized by the Archivist and the Inspector General. NARA staff continue to collaborate with manuscript collectors and similar professional organizations, and private auction sites to share information about the issues and risks involving possible Federal records and documentary materials that may be stolen from the National Archives.

**ENCLOSURE D**  
**DESCRIPTION OF MATERIAL WEAKNESS IN MANAGEMENT CONTROLS**

**Title and Description of Material Weakness:** Preservation Program

**Name of Responsible Program Manager:** Michael J. Kurtz, Assistant Archivist for Records Services, Washington DC

**Source of Discovery:** OIG audit and the Program Manager's assurance statement to the Archivist of the United States

**Appropriation/Account:** 110

**Pace of Corrective Action on Original Material Weakness**

**Year Identified:** FY 2005

**Original Targeted Correction Date:** FY 2007

**Action and Validation Process That Will Be Used:** NARA will take action in four areas to address this material weakness.

1. Identification of at-risk records
  - Refine risk assessment process  
NW, NR, NL and NWT are working to align the levels of risk and processes used to apply those criteria. The offices will work together to align the Risk Assessment Instructions and Definitions for all three offices.
  - Develop usage criteria that is standard across NARA program areas  
A comparison of usage criteria for assessing preservation risk is being done collaboratively by the three offices NW, NR and NL. Differences in the usage criteria will be reconciled to ensure consistency.
  - Develop and implement staff training  
NR and NL will work with NW to update training to reflect consistency and changes in the at-risk criteria and integrated Instructions and Definitions.
2. Facilities standards
  - Create a Capital Improvements Plan  
NAS, working with NWT and the program offices, will survey archival facilities owned or leased by NARA in order to complete a NARA 1571 Compliance Checklist review for each of the NARA archival facilities. The survey will establish whether the facility is compliant and, if not, what is required to make it compliant with the standard or whether the facility is capable of being made compliant. Costs will be developed reflecting proposed actions at facilities that can be made compliant. The survey information as well as data from completed Building Condition Reports that are prepared on a five-year cycle for NARA-

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owned buildings will feed into the Capital Improvements Plan. It will also include planned space changes to NARA-owned buildings such as renovations or expansions. All of this information will be analyzed to determine funding priorities.

3. Performance Measurement

- Develop a performance metric to track for medium- and low-risk projects  
NARA will develop a method to ensure that preservation work on medium- and low-risk projects is tracked.

4. Budget

- Develop budgetary resources for baseline preservation requirements.  
NW, in cooperation with NR and NL, has begun the process of identifying budgetary resources required for preservation, and has submitted the budget initiative – Preserving Textual Records – to the Archivist for consideration in the FY 2007 Budget Request. A second budget initiative will be submitted for the FY 2008 Budget.

**Results Indicators:**

| Major Milestones  | Milestone Dates                      |
|---|--------------------------------------|
| Refine Risk Assessment Process  | April 30, 2006                       |
| Develop risk assessment usage criteria that is standard across NARA program areas.            | October 31, 2005                     |
| Develop and implement staff training for identification of at-risk records                    | October 31, 2006                     |
| Create a Capital Improvements Plan  | August 1, 2006                       |
| Develop a performance metric to track medium- and low-risk                                    | October 1, 2006                      |
| Develop budgetary resources for baseline preservation requirements for FY 2007 Budget Request | <b>COMPLETED:</b> September 16, 2005 |
| Develop budgetary resources for baseline preservation requirements for FY 2008 Budget Request | October 1, 2006                      |

## APPENDIX C

# PROGRESS ON 2004 AUDIT RECOMMENDATIONS

The NARA Inspector General (OIG) contracted with Clifton Gunderson, LLP (CG) to audit financial statements as well as internal controls and operations. CG performed an audit of the consolidated financial statements of the National Archives and Records Administration as of September 30, 2004. In its final report dated November 1, 2004, CG reported certain matters involving the internal control and its operation that were considered to be reportable conditions, four of these were considered to be material weaknesses. CG made 39 recommendations to correct these conditions. (The 2004 Internal Auditor's Report may be found on page 97 of NARA's 2004 Performance and Accountability Report.)

### ***Area 1: Financial Reporting***

CG noted this area a material weakness and made six recommendations related to financial statement preparation; timely recording, reconciliation, and analysis; general ledger system setup and posting model definitions; and integrated financial management system. They are:

1. Ensure that adequate controls such as protecting cells on spreadsheets, limiting access to spreadsheets to prevent inadvertent changes, and control of the changes made to the spreadsheets are implemented while a spreadsheet-based system is used in gathering and analyzing financial statements data.
2. Establish written policies and procedures to formalize plans, methods, and procedures to guide the financial statement preparation and reporting process.
3. Prepare and analyze monthly reconciliations of subsidiary and summary account balances and external reports. Consider a "formal closing" of all accounts at an interim date(s), which will reduce the level of accounting activity and analysis required at year-end. This "formal closing" entails ensuring that all transactions are recorded in the proper period through the month-end.
4. Ensure that upgrades to the financial management systems comply with the posting model definitions in the U.S. Standard General Ledger (USSGL).
5. Develop standard procedures to identify Federal and non-Federal transactions if the general ledger (GL) system does not have this capability. Also, correcting the vendor files may enable NARA to automate this process. Lastly, if NARA continues to perform the identification manually, an audit trail needs to be maintained and a supervisory review will need to be performed.
6. Evaluate the functional requirements to integrate the financial reporting, billing systems, property and equipment, and a cost system with the GL system and assess the degree of integration necessary to have a single, unified financial system.

Through September 30, 2005, NARA has provided documentation to the OIG and CG to satisfy numbers 1 through 5 above.

***Area 2: Property, Plant, and Equipment (PPE)***

CG noted this area a material weakness and made six recommendations related to accounting for PPE and deferred maintenance. They are:

7. Continue to identify assets that need to be capitalized rather than expensed.
8. Develop standard report formats for all project managers of software development projects and construction projects that track monthly payments, monitor progress, and report completion.
9. Ensure adequate supporting documentation is maintained for acquisitions and dispositions.
10. Develop and implement monthly reconciliation procedures for all assets including heritage assets.
11. Record all assets in the property management system.

Through September 30, 2005, NARA has provided documentation to the OIG and CG to satisfy all of the above.

***Area 3: Investment in Non-Federal Securities***

CG noted this area a material weakness and made two recommendations. They are:

12. Record investments that are held to maturity at amortized costs and investments that are for sale at fair market value.
13. Record the budgetary entry related to the purchase of investments in non-Federal securities.

Through September 30, 2005, NARA has provided documentation to the OIG and CG to satisfy number 12 above.

***Area 4: Information Technology (IT)***

CG noted this area a material weakness and made 21 recommendations related to software development and change controls, entity-wide security program, controls to protect its information; and contingency planning. They are:

14. Implement controls to ensure that the "Project/Task Validation and Approval" is completed for modifications and maintenance changes according to the NARA-Wide Configuration Management Template.
15. Obtain proper approvals before moving NARANET into the production environment.
16. Follow required NARANET rollout processes and procedures prior to movement to production.
17. Conduct certification evaluations on all IT resources owned or operated on behalf of NARA, in accordance with NARA policy, including externally hosted applications.

18. Formally define, communicate, and document data ownership responsibilities and procedures for all major business and general support systems, including its financial data hosted at the service provider.
19. Revise Plan of Actions and Milestones (POA&M) process to comply with OMB guidance, including the incorporation of all IT findings from all sources.
20. Develop inter-connection security agreements with all external vendors (including Federal agencies) hosting financial systems used by NARA.
21. Review password configurations on all servers used for network authentication and ensure that temporary passwords cannot be used more than once, and only issue unique temporary passwords to users. Ensure that NARA has implemented specifications for password usage established by NIST in Federal Information Processing Standards Publication 112, *Password Usage*.
22. Review all NARANET user accounts to identify all inactive or unused accounts and remove as necessary. This procedure should also be incorporated within the user recertification process. Also, all NARANET user accounts should be supported by documented approved access requests.
23. Enforce Directive 804, and ensure that users are recertified. In addition, NARA should comply with its standard operating procedures and ensure that NARANET user accounts are disabled after 24 hours of the user's separation and are deleted after 10 days of the disabling.
24. Use network address translation (NAT) to hide all internal IP addresses and to filter traffic entering NARA's internal network for improved security. Written justifications should be provided for the exclusion of those machines from the requirement of NAT. Ensure all internal IP addresses pass through internal DNS servers.
25. Update the NARA network topology to include all external connections and network devices. Ensure that all access points are securely configured to prevent unauthorized network access.
26. Install cameras outside of the computer room to monitor access to and from all entry points. Security guards should investigate all unusual access activity. The use of a key to override badge reader access should result in alarms at the guard station and be immediately investigated.
27. Review all individuals with access to the computer room, determine if access is needed to perform their job responsibilities, and remove any unnecessary access. Also, management should develop policies and procedures to recertify access granted.
28. Establish and enforce policies and procedures regarding server configuration, operation, and maintenance. Develop and compare server baseline configurations (for each operating system platform). These policies and procedures allow administrators to have a strict set of requirements to follow in place no matter who administers the servers. NARA Internet-connected server's systems logs should be reviewed to determine if unauthorized access has occurred as a result of the weaknesses in the server configurations.

29. On a regular basis, as part of the user recertification process, management should review all Comprehensive Human Resources Information System (CHRIS) users to ensure that they still require access to CHRIS, their permissions are reasonable based upon their position responsibilities, and potentially conflicting roles within other applications (i.e., ETAMS) are removed.
30. Formally identify and prioritize all critical data and operations on its major applications and the resources needed to recover them if there is a major interruption or disaster. Ensure that emergency processing priorities are established to assist in managing disaster situations more effectively for the network. In addition, establish emergency processing priorities that will help manage disaster situations more effectively for the network.
31. Address the disaster recovery plan at other NARA locations.
32. Conduct regular disaster recovery testing of all major applications and general support systems (including interconnectivity with external service providers) that consider varying scenario types. Develop a *lessons learned* document from each test with corrective actions to prevent a reoccurrence in future tests.
33. The memorandum of understanding (MOU) should be revised to incorporate measures to be taken by NARA and the service provider [Pegasys] to recover any lost connectivity between the two entities.
34. Replace the “wet pipe” sprinkler system with a “dry pipe” sprinkler or single-interlock pre-action sprinkler system that does not store liquids directly above computer equipment.

Through September 30, 2005, NARA has provided documentation to the OIG and CG to satisfy numbers 14 through 20, 22 through 25, 27, 29, and 30 through 34 above. Partial documentation has also been provided for recommendations 26 and 30.

### **Area 5: Payroll**

CG noted this area a reportable condition and made four recommendations. They are:

35. Performing a monthly reconciliation of leave balances reported in the time and attendance (T&A) report and the leave and earnings statement (LES).
36. Enforce the policy of signing and dating the Supervisor Time and Attendance Certification Report.
37. Record credit time earned on Electronic Time and Attendance Management System (ETAMS).
38. Enforce the policy of signing or initialing of the time and attendance log by the employee and the supervisor.

Through September 30, 2005, NARA has provided documentation to the OIG and CG to satisfy numbers 35 through 38 above.

***Area 6: Cost Allocation Methodology***

CG noted this area a reportable condition and made one recommendation. It is:

39. Establish a formal and comprehensive cost-allocation methodology and ensure that related policies and procedures such as the semiautomated allocation process policy are updated.

Through September 30, 2005, NARA has provided documentation to the OIG and CG to satisfy this recommendation.