



FY 2024 AGENCY FINANCIAL REPORT



Making Access Happen

NATIONAL ARCHIVES AND RECORDS ADMINISTRATION

NATIONAL ARCHIVES AND RECORDS ADMINISTRATION MISSION STATEMENT AND STRATEGIC GOALS

MISSION STATEMENT

We drive openness, cultivate public participation, and strengthen our nation's democracy through equitable public access to high-value government records.

STRATEGIC GOALS

Make Access Happen

NARA will make all records available to the public in digital formats, to ensure that anyone can explore, discover, and learn from NARA holdings.

Connect with Customers

NARA will continuously engage with and learn from our customers: individuals, communities, organizations, and other Federal agencies. We build long-term and strategic customer relationships to ensure our services are valued by our customers and we work together to improve our efficiency, engagement, and equity.

Maximize NARA's Value to the Nation

NARA will reform and modernize records management practices across the Federal government, advancing digital preservation of archival electronic records, and supporting the transition to digital government.

Build our Future Through Our People

NARA will provide all our employees with the learning and leadership opportunities necessary to support their career development, enable their successful transition to a digital environment, and thrive in an inclusive, supportive, and diverse work environment.

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NARA publishes financial results in its annual Agency Financial Report (AFR) and reports on performance results in its Annual Performance Report (APR), with its annual Congressional Budget Justification. Current and prior-year NARA AFRs and APRs are available at www.archives.gov/about/plans-reports/.

Letter from the Archivist of the United States



I am pleased to present the FY 2024 Agency Financial Report (AFR) of the National Archives and Records Administration

(NARA). The AFR is a report on NARA's financial and performance results for FY 2024. The AFR allows the President, Congress, and the American people to assess our stewardship over the Government resources that have been entrusted to NARA.

NARA's greatest accomplishment in FY 2024 was eliminating the pandemic-related backlog of veteran records requests at the National Personnel Records Center (NPRC) in St. Louis, MO. NARA accumulated a large backlog of requests for military service records due to on-site building occupancy limits during the COVID-19 pandemic. While the NPRC never closed during the pandemic because of the need to respond to emergency records requests, the pandemic restrictions significantly curtailed onsite production. A backlog of over 600,000 requests was accumulated, which NARA has been working to clear over the last two years.

Clearing the backlog of record requests at the NPRC has been my top priority. NARA plays a critical role in ensuring that our veterans and their families have access to the records they need for the benefits they've earned. The elimination

of the backlog would not have been possible without the extraordinary work of NPRC staff. They worked overtime and across weekends and holidays to achieve this goal and ensure we meet our obligation to those who have served our country.

To eliminate this backlog, the NPRC team deployed technology improvements, added staff, expanded work hours and contract labor, and made numerous building improvements to support additional work capacity. NPRC also entered into multiple agreements with the Department of Veterans Affairs to expedite the digitization of NPRC holdings which will continue going forward. This remarkable achievement underscores NARA's commitments to enhancing the customer experience and ensuring prompt responses to the public.

NARA realized many accomplishments in FY 2024 and demonstrated significant progress towards meeting the goals in our Strategic Plan. The accomplishments highlighted below demonstrate NARA's effective stewardship of Federal resources and our continued commitment to provide a full range of essential services to our Federal agencies and the American public.

Key Accomplishments

- NARA unveiled a new state-of-the-art digitization center at the National Archives facility at College Park, Maryland. This space houses high-speed scanners to conduct large-scale digitization of archival paper textual records. It also includes processing space to support digitization, space for overhead cameras and other specialty scanners, and space for digitizing aerial photographs. The new center will provide greater public access to the country's most important historical federal government records faster than ever before. The digitization center is tasked with priority digitization projects and supporting partner and donor projects. Current projects include the Alaska Digitization project; the John F. Kennedy Assassination Records Collection; and the City Survey Files, textual records associated with the racially discriminatory practice of redlining maps.

- NARA announced plans to display permanently the 19th Amendment, which removed restrictions for women to vote, in the Rotunda of the National Archives Building in Washington, D.C. The 19th Amendment is celebrated as the culmination of over eight decades of advocacy by the women's suffrage movement. New encasements will be added to the Rotunda to permanently house the 19th Amendment and the Emancipation Proclamation alongside the Declaration of Independence, the

Constitution of the United States, and the Bill of Rights. Together, these documents share a more complete story of our nation's ongoing pursuit of a more perfect union.

- NARA opened a new exhibit, *Power & Light: Russell Lee's Coal Survey* at the National Archives Museum in Washington, DC. The exhibition features more than 200 of Russell Lee's photographs of coal miners and their families in the form of large-scale prints, projections, and digital interactives from a nationwide survey of housing and medical and community facilities of bituminous coal mining communities.

- The Gerald R. Ford Presidential Library and Museum opened a new exhibit, *The Ford at 50: Decisions That Defined a Presidency* in honor of the 50th anniversary of Gerald R. Ford's Presidency. This exhibit celebrates the 50th anniversary of Gerald R. Ford's historic presidency. Using an array of materials from the Museum's collection, including presidential artifacts, archival documents, and historic film footage, the exhibit introduces visitors to some of the most difficult and controversial decisions that President Ford made in office.

- NARA launched a new live chat feature, "Ask the Archives," on Archives.gov to provide our stakeholders with a real-time communication tool. This feature will allow all users, researchers, and

educators the opportunity to interact in real-time with NARA experts.

Management Challenges and Opportunities

The NARA Inspector General has identified five challenges, detailed in the "Other Information" section of this report, which present opportunities for improvements. NARA's management is fully aware of these issues and is committed to working collaboratively with our Inspector General to mitigate or resolve these risks.

In FY 2024, NARA downgraded Information Technology (IT) security practices from a material weakness to a significant deficiency. Internal controls over devices, networks, and cloud environments have substantially improved in this program area. NARA will continue to strengthen its controls through the implementation of processes to improve contractor onboarding and offboarding and IPv6.

NARA continues to monitor the internal controls in IT security. Challenges in IT security prevail as technology is constantly changing and security threats are constantly evolving. As Federal agencies create an ever-increasing volume of electronic records, we are looking to ensure sufficient capacity, efficiency in throughput, and security of the Federal Government's records that must be preserved and made available to the public in perpetuity.

Based on the status and progress that NARA has made to address its challenges and risk in FY 2024, I am able

to provide a modified statement of assurance that other than a significant deficiency in IT security processes and a control deficiency in electronic records management, NARA's internal controls are meeting their intended objectives, as defined by OMB Circular A-123, *"Management's Responsibility for Enterprise Risk Management and Internal Controls."*

My assessment is based on results of internal control monitoring, testing, and reporting conducted by NARA offices, via NARA's Internal Controls Program; information obtained and evaluated by management through daily operations; discussions of weaknesses and risk conducted by NARA senior leadership, risk management officials and bodies, and risk management staff; and audits conducted by NARA's Office of Inspector General, the Government Accountability Office (GAO), and other third parties. I have also considered the advice of key management officials and the Inspector General in preparing this statement of assurance.

Our FY 2024 accomplishments are the result of the commitment and dedicated efforts of our most valuable asset: our NARA employees. We take our responsibilities seriously and routinely review our business processes and internal control environment to detect, mitigate, and address control weaknesses and management challenges. We will continue to directly address our challenges, meet our opportunities, and improve the efficiency and effectiveness with which we fulfill our mission to ensure

meaningful public access to the records
of the U.S. Government.

Sincerely,

A handwritten signature in black ink, appearing to read "Colleen J. Shogan". The signature is written in a cursive, flowing style.

DR. COLLEEN J SHOGAN
Archivist of the United States

Management's Discussion and Analysis (MD&A)

The Management's Discussion and Analysis (MD&A) section presents NARA's financial condition and program performance.

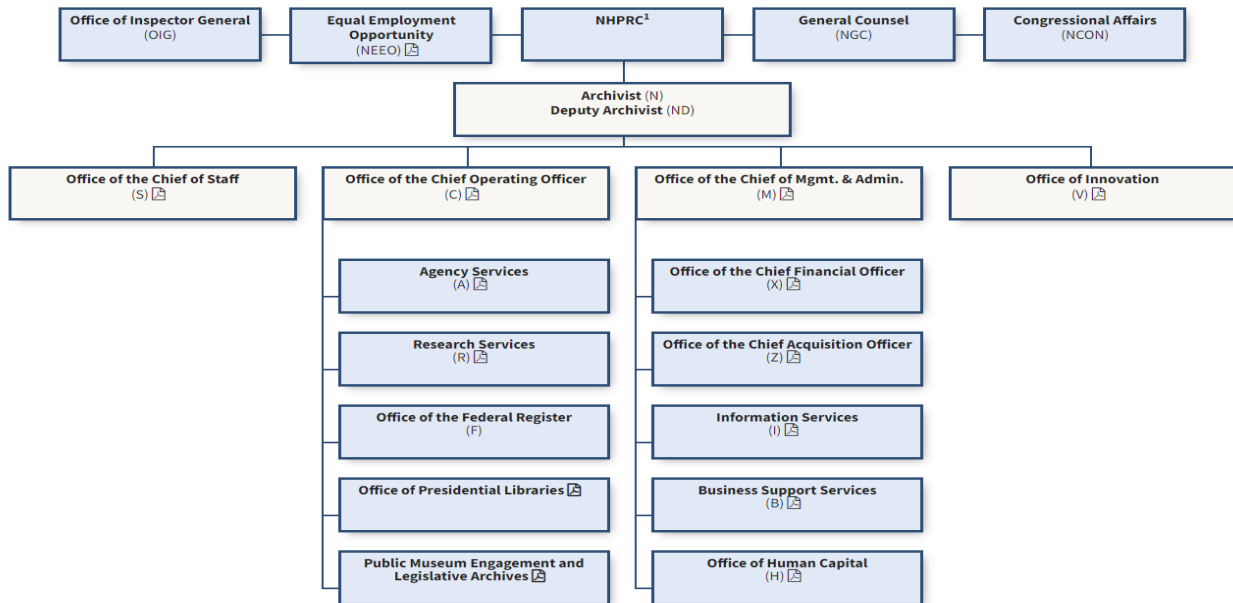
The MD&A provides an overview of NARA's organizational structure. It highlights key accomplishments in the program and financial performance, provides an analysis of the financial statements, and discusses NARA's internal controls, systems, and legal compliance with laws and regulations.

NARA Organization

The [National Archives and Records Administration](#) ensures continued public access to historically valuable Federal records through services provided to other Federal agencies and the public. NARA is organized around customer segments, which ensures that resources and management attention are focused on delivering coordinated and effective service to all stakeholders.

NARA’s core operations are organized into the Office of the Federal Register (OFR) and four “Services”: 1) Agency Services, 2) Research Services, 3) Public Museum Engagement and Legislative Archives, and 4) Office of Presidential Libraries. NARA Services and the OFR report to the Chief Operating Officer, who reports to the Deputy Archivist of the United States. NARA’s management and administration offices report to the Chief of Management and Administration and includes Business Support Services, Office of the Chief Acquisition Officer, Office of the Chief Financial Officer, Office of Human Capital, and Information Services. The Chief of Management and Administration reports to the Deputy Archivist of the United States. The Office of the Chief of Staff, the Office of Innovation, and four staff offices report to the Archivist or Deputy Archivist of the United States. The independent Office of Inspector General, reports directly to the Archivist. The National Historical Publications and Records Commission (NHPRC) is an independent body that awards grants to non-Federal archives and institutions; the Archivist is the Chair of the NHPRC.

National Archives and Records Administration



¹National Historical Publications and Records Commission

- *The Office of the Federal Register* fulfills the Archivist’s responsibilities to publish the daily Federal Register, the Code of Federal Regulations, and the Statutes-at-Large, and other statutory requirements.
- *Agency Services* leads NARA efforts to meet the records management needs of Federal agencies and represents the public’s interest in the transparency of these records.
- *Research Services* provides world-class service to researchers and citizens wanting to access the records of the National Archives and preserves archival holdings for the benefit of future generations.

Public Museum Engagement and Legislative Archives focuses Congressional records, exhibits and educational programs, and visitor services across Legislative Archives and the National Archives Museum.

- *The Office of Presidential Libraries* provides public access to Presidential records and historical materials for researchers, the White House and Congress, and operates and maintains the Presidential Library facilities.

NARA delivers its mission through a nationwide network of facilities, serving other Federal agencies and the public.

NARA GEOGRAPHIC LOCATIONS



Performance Highlights by Strategic Goal

Make Access Happen

NARA's mission is to provide public access to Federal Government records. NARA is making access happen by delivering increasing volumes of records to the public online, using flexible tools and accessible resources that promote public participation.

NARA measures “access” using a composite measure of several metrics. These metrics include the percentage of archival holding that will receive archival processing. Archival processing refers to those actions NARA must take to enable efficient access for research, which includes performing holdings maintenance, and describing the records in the National Archives Catalog.

NARA exceeded the metric set for this target this year. NARA has processed a cumulative total of 4.8 million cubic feet of unclassified archival records.

NARA is committed to maintaining essential processing for 85% of unclassified archival holdings while expanding access to records of high interest to researchers, particularly those related to underserved communities. By continuing to digitize, process, and enhance records, NARA aims to foster a more inclusive and comprehensive understanding of American history and society.

Performance Goal: By FY 2026, NARA will process 85 percent of archival holdings and increase enhanced descriptions to promote equity in discovery and public access to archival records related to underserved communities.

Performance Measure	Year	2024	2023
NARA will maintain at least 85% of our holdings (by volume) processed at a basic level at all times	Target	85%	85%
	Actual	89.5%	91%
NARA will target records series related to or about underserved communities identified during prioritization efforts, to conduct augmented processing and	Target	8 million pages and 182K digital files	2 million pages and 75K digital files
	Actual	22.3 million pages and 459K digital files	4 million pages and 73K digital files

Connect with Customers

NARA is committed to providing exceptional customer service. To achieve this, NARA engages with its diverse customer base, including individuals, communities, organizations, and other government agencies. By understanding their needs and expectations, NARA can tailor its services to meet their specific requirements.

NARA prioritizes accessibility and inclusiveness. The agency has incorporated best practices for engaging underrepresented communities in the development of exhibits and public programs. Additionally, NARA has made efforts to improve the on-site

researcher experience by soliciting feedback and implementing changes.

Looking ahead to FY 2025, NARA will continue to focus on customer experience. The agency will expand feedback mechanisms to include virtual spaces and prioritize the implementation of accessibility best practices in new exhibits. By prioritizing customer needs and leveraging technology, NARA aims to enhance public access to government records and foster a deeper understanding of American history.

Maximize NARA’s Value to the Nation

NARA recognizes that public access to government information creates measurable economic value, which adds to the enduring cultural and historical value of our records. NARA will modernize records management practices across the Federal government, advancing digital preservation of archival electronic records, and supporting the transition to digital government.

Records managers are able to manage their records schedules and transfer requests in NARA’s ERA 2.0 system. ERA 2.0 also serves as a digital repository for NARA’s born-electronic and digitized records. The records schedules and transfer requests workflow components are in broad use throughout the Federal government, however, the progress in enabling the system to ingest records has been slow.

NARA recognizes the immense value of public access to government information, both culturally and economically. To ensure access, NARA

is working tirelessly to modernize its record-keeping practices. By developing new standards for managing digital records, such as those created on social media platforms like Twitter and Instagram, NARA is making strides in preserving our nation's history.

NARA is committed to expanding web archiving to capture websites like those of federal agencies and historical organizations. Additionally, NARA is exploring the challenges and opportunities of preserving social media records, which can provide valuable insights into public opinion and historical events.

NARA is not only safeguarding our nation's past but also shaping its future by ensuring that the stories of our government are accessible to all. By preserving records related to the Civil Rights Movement, the Great Depression, and other pivotal moments in history, NARA is empowering future generations to learn from the past and build a better future.

Performance Goal: By FY 2026, NARA will provide policy, requirements, and oversight to support a transparent, inclusive, and fully digital government.

Performance Measure	Year	2024	2023
Digital content managed in ERA 2.0 (in TBs) (cumulative)	Target	225 TB	150 TB
	Actual	130 TB	108 TB
Numbers of files managed in ERA 2.0 (millions)	Target	45	30
	Actual	21	19.3

Build our Future Through Our People

NARA is committed to fostering a workplace culture that values diversity, equity, inclusion, and accessibility (DEIA). To empower its employees and prepare them for future leadership roles, NARA has implemented several initiatives:

- **Coaching and Development:** NARA has incorporated coaching into its Supervisors' Development Program to enhance leadership skills and promote a supportive work environment. Additionally, NARA offers individual coaching

opportunities to all employees, including executives, to support career development and personal growth.

- **Employee Well-being:** NARA has transitioned group coaching into an evidence-based model to improve employee well-being and job satisfaction.

By prioritizing DEIA and investing in employee development, NARA aims to create a thriving workplace where all employees can reach their full potential.

Performance Goal: By FY 2026, NARA will increase the frequency of effective coaching that employees receive by 50 percent to improve performance, retention, and relationships across 85% of NARA positions will be filled within 80 days.

Performance Measure	Year	2024	2023
Increase the agency-wide average frequency of effective coaching above the initial baseline measure.	Target	25%	12.5%
	Actual	TBD	N/A
Percent of new supervisors trained in effective coaching techniques	Target	90%	85%
	Actual	89%	84%
Percent of supervisors and team leads trained in effective coaching techniques	Target	30%	10%
	Actual	18%	6%
Provide internal and external individual and group coaching services to employees at all grade levels	Target	10%	5%
	Actual	17.5%	1.7%

Analysis of Financial Statements and Stewardship Information

Key Measures

Dollars in Millions	FY 2024	FY 2023	Increase/(Decrease)	
			\$	%
COSTS				
Gross Program Costs	\$ 749	\$ 693	\$ 56	8%
Less: Earned Revenue	\$ 248	\$ 251	\$ (3)	-1%
Net Cost of Operations	\$ 501	\$ 442	\$ 59	13%
NET POSITION				
Assets:				
Fund Balance with Treasury	\$ 326	\$ 334	\$ (8)	-2%
Investments, Net	\$ 130	\$ 104	\$ 26	25%
Property, Plant & Equipment, Net	\$ 114	\$ 78	\$ 36	46%
Other	\$ 35	\$ 14	\$ 21	150%
Total Assets	\$ 605	\$ 530	\$ 75	14%
Liabilities:				
Accounts Payable	\$ 40	\$ 29	\$ 11	38%
Federal Employee Benefits Payable	\$ 29	\$ 22	\$ 7	32%
Other	\$ 36	\$ 25	\$ 11	44%
Total Liabilities	\$ 105	\$ 76	\$ 29	38%
Net Position (Assets minus Liabilities)	\$ 500	\$ 454	\$ 46	10%

NARA's financial statement auditor, Sikich LLP, issued an unmodified ("clean") audit opinion on NARA's financial statements for the fiscal year ending September 30, 2024. The Financial Section of this report contains the financial statements, footnotes, and auditors' report.

NARA's financial statements consolidate the activity of the seven Fund accounts under NARA's control. This includes appropriations from

Congress and funding from other sources. The activities of the Records Centers Revolving Fund and the National Archives Trust and Gift Funds are financed by revenues collected from other Federal agencies and the public, respectively, and do not receive Congressional appropriations.

Discretionary Appropriations

NARA Operating Expenses appropriation provides for the operation of the Federal government's archives and records

management activities, the preservation of permanently valuable historical records, and their access and use by the public.

The Office of Inspector General appropriation provides for independent audits, investigations, and other services.

Repairs and Restoration appropriation provides for repairs, alterations, and improvements to the Federal buildings that NARA owns, operates, and maintains nationwide. This appropriation provides for renovations to NARA-owned buildings necessary to maintain health and safety standards for occupants, preserve archival records stored in NARA facilities, and protect the value of government real property assets.

National Historical Publications and Records Commission (NHPRC) Grants appropriation provides for grants to preserve and publish non-Federal records that document American history.

Revolving Fund

Records Center Revolving Fund, full cost recovery revolving fund that provides for the storage and related services that NARA Records Centers provide to Federal agency customers. Operations of NARA Federal Records Centers are financed by user charges collected from other Federal agencies for storage of their records and related services.

Trust Funds

National Archives Trust Fund allows NARA to collect fees from the public for reproductions of records in NARA holdings, sales of publications and products, and admission fees to museums at Presidential Libraries.

National Archives Gift Fund permits NARA to solicit and receive conditional and unconditional gifts from non-Federal sources for the benefit of or in connection with the archival and records activities administered by NARA.

The National Archives Gift Fund receives endowments from private foundations; NARA uses the investment earnings from these endowments to support facility operations cost at the George H.W. Bush, William Clinton, George W. Bush, and Gerald R. Ford Libraries.

Analysis of Combined Statement of Budgetary Resources

The Statement of Budgetary Resources, included in the Financial Section of this report, provides information on NARA's budgetary resources and their status at the end of the fiscal year.

Budget authority is the authority provided by law to enter into obligations that will result in future expenditures (outlays) of federal funds. NARA incurs obligations when placing an order, awarding a contract, or similar transaction, which will require payment

during the same or a future period. Obligations reduce amounts available from budget authority or unobligated balances. Gross outlays reflect the actual cash disbursed by the Government in order to fulfill NARA’s obligations.

NARA had a total of \$952 million in budgetary resources in FY 2024, a decrease of \$2 million from FY 2023. Total net outlays in FY 2024 are \$500 million, an increase of \$65 million from \$435 million in FY 2023.

Approximately 54 percent (\$517 million) of NARA’s total budgetary resources came from current-year appropriations, and 24 percent (\$225 million) were revenues earned from services provided to other Federal agencies and the public. The remaining amounts came from unobligated balances carried forward

from prior years (\$210 million).

In FY 2024, NARA received \$55.9 million in Congressionally Directed Spending. This included \$38.4 million for specific NHPRC grants initiatives, and \$17.5 million for improvements to the Dwight D. Eisenhower Presidential Library and Museum.

In FY 2022, NARA was awarded \$9.1 million under the [Technology Modernization Fund \(TMF\)](#) to modernize the Archives and Records Centers Information System (ARCIS) and the Case Management Reporting System (CMRS). The TMF funds are a loan, repaid over five years. The remaining balance as of September 30, 2024, is \$560 thousand.

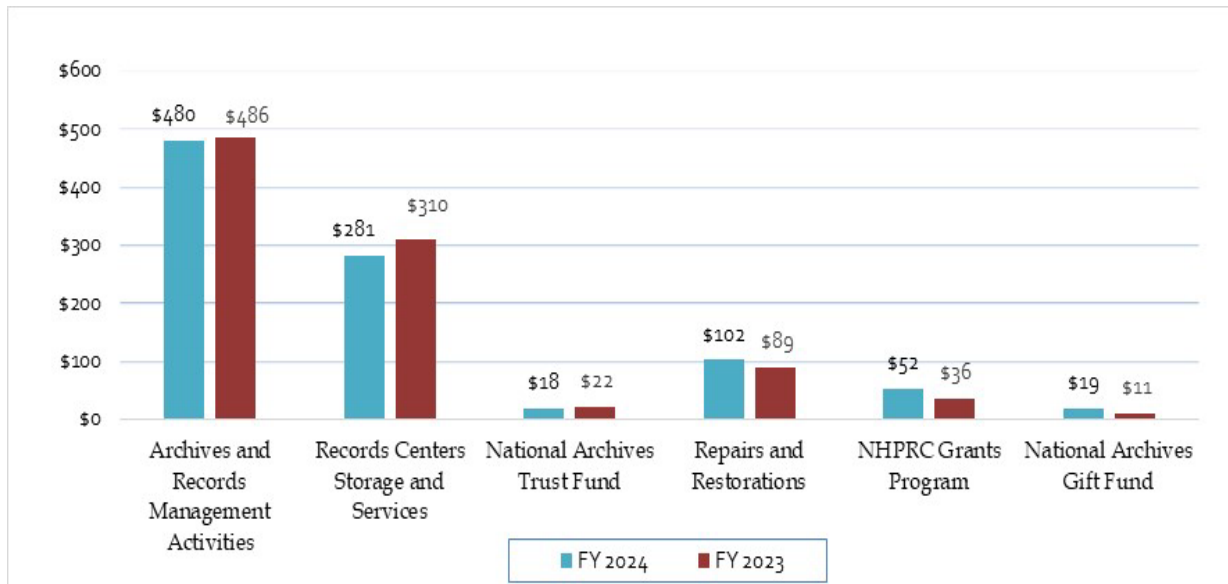


Figure 1: Total Budgetary Resources by Program (in millions)

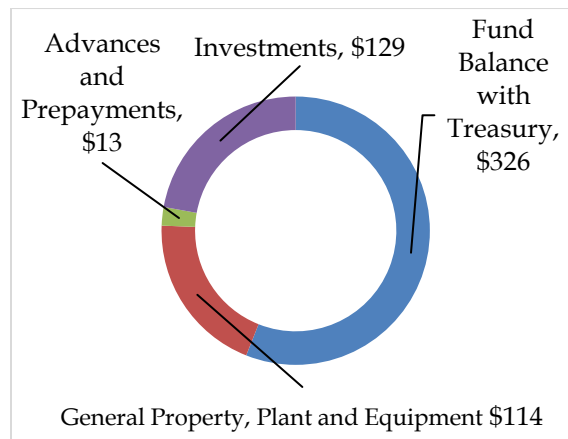
Analysis of the Consolidated Balance Sheet

The Balance Sheet compares the amounts available for use by NARA (assets) to the amounts owed (liabilities) and amounts that make up the difference (net position).

Total Assets of \$605 million at the end of FY 2024 consisted of cash (*Fund Balance with Treasury*), buildings owned by NARA, internal-use software and equipment (*General Property, Plant, and Equipment*), Trust and Gift Fund investments, and amounts owed to NARA by customers, mostly Federal agencies (*Accounts receivable*).

NARA’s FY 2024 total asset balance increased approximately \$75 million over FY 2023 primarily due to the additional funding provided in the FY 2024 Omnibus Appropriations Act.

Figure 2: FY 2024 Assets (in Millions)



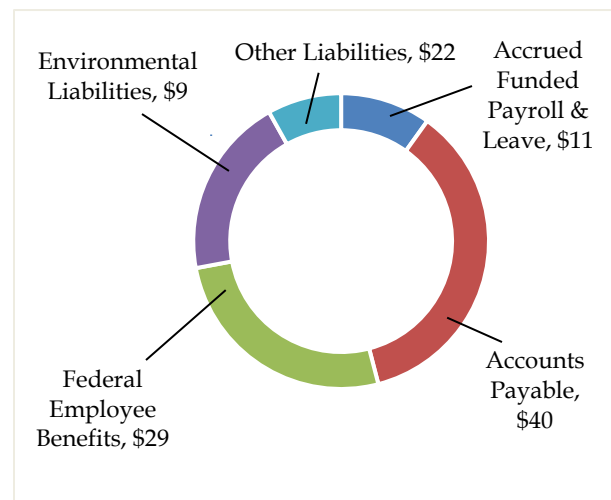
NARA held *Total Liabilities* of \$105 million at the end of FY 2024, \$29 million more than the previous fiscal year. Forty-eight (48) percent (\$50

million) of NARA’s total liabilities are unfunded, i.e., budgetary resources are not yet available as of September 30, 2024.

The major elements of unfunded liabilities are \$22 million for unfunded annual leave balances of NARA employees, \$9 million for *Environmental asbestos clean-up costs*, and \$18 million for the *Lessee Lease Liability*.

For most unfunded liabilities, budgetary resources will be made available in the year that the balances are due, per OMB funding guidelines.

Figure 3: FY 2024 Liabilities (in millions)



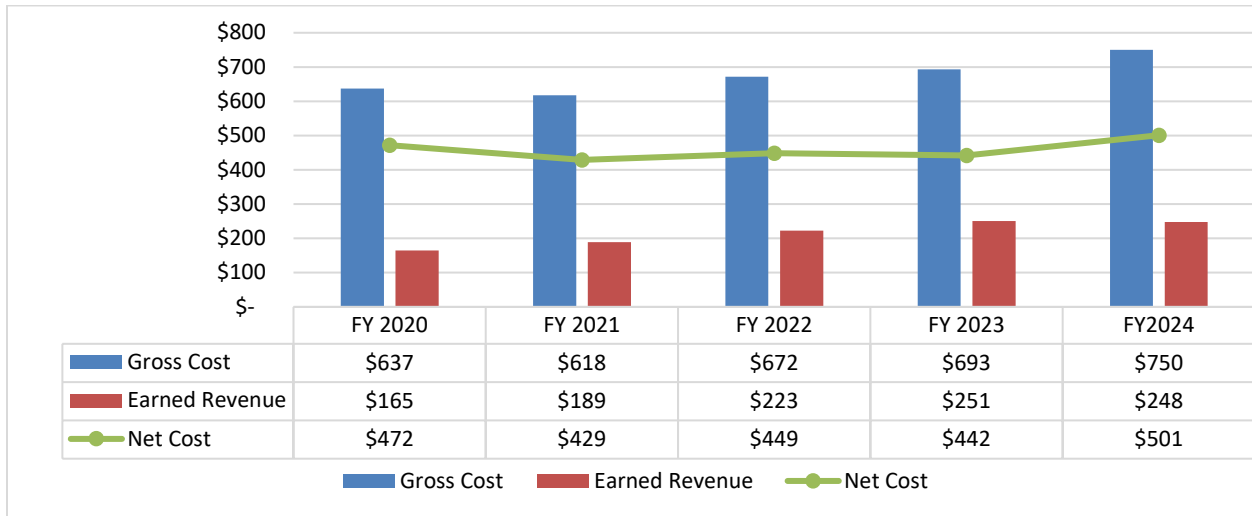
Analysis of the Consolidated Results of Operations (Statement of Net Cost)

The Statement of Net Cost presents the full cost of NARA operations, by major programs, after intra-agency eliminations. Net costs include total gross costs, minus permitted revenues earned to offset against those costs. NARA’s total net cost of operations was \$501 million for FY 2024. NARA

incurred \$750 million in gross costs in FY 2024, partially offset by \$248 million in revenues collected from Federal and non-Federal sources. Expenses financed

by Congressional appropriations represent about 64 percent (\$481 million) of NARA's FY 2024 total gross costs.

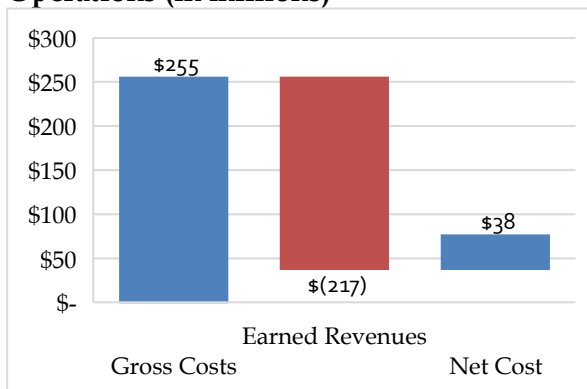
Figure 4: FY2024 Net Cost of Operations (in millions)



Records Centers Revolving Fund, Results of Operations

In FY 2024, the Records Centers Revolving Fund incurred \$255 million in gross costs, and earned \$217 million in revenues, resulting in net costs of \$38 million. In comparison, net costs in FY 2023 were \$18 million.

Figure 5: Records Center Results of Operations (in millions)



National Archives Trust and Gift Funds, Results of Operations

The National Archives Trust and Gift Funds realized net revenues from operations of \$17 million in FY 2024 in comparison to net revenues from operations of \$8 million in FY 2023.

Analysis of Controls, Systems, and Legal Compliance

Federal Managers' Financial Integrity Act (FMFIA)

FMFIA requires all agencies to establish sufficient controls to reasonably ensure that: (i) obligations and costs comply with applicable laws; (ii) assets are safeguarded against waste, loss, unauthorized use, or misappropriation; and (iii) revenues and expenditures are properly recorded and accounted for. FMFIA requires the Head of the Agency to provide an assurance statement to the President on the adequacy of internal controls over operational, program, and administrative areas, as well as accounting and financial management. NARA's FY 2024 FMFIA assurance statement is included in the report.

OMB Circular No. A-123, Management's Responsibility for Enterprise Risk Management and Internal Control

This circular requires agencies to implement an Enterprise Risk Management (ERM) capability coordinated with the strategic planning and strategic review process established by Government Performance and Results Act Modernization Act (GPRAMA), and the internal control processes required by FMFIA and Government Accountability Office (GAO) Standards for Internal Control in the Federal Government (Green Book).

NARA's evaluation of its internal controls for the year ended

September 30, 2024, provides reasonable assurance that—except for two control deficiencies in Information Systems and Security, and Agency Services Electronic Records Management—the Agency's internal controls achieved their intended objectives in FY 2024.

Federal Financial Management Improvement Act (FFMIA)

NARA is an *Accountability for Tax Dollars Act (ATDA)* agency, and is not subject to the requirements of FFMIA, per OMB Bulletin #24-01, *Audit Requirements for Federal Financial Statements*. NARA is not required to report separately on its compliance with FFMIA in its FMFIA reports; however, NARA is meeting FFMIA requirements.

Anti-Deficiency Act (ADA)

The Anti-Deficiency Act prohibits agencies from entering into obligations in excess of or in advance of appropriations. As a general rule, agencies are required to obligate the total value of the base period of a contract at the time of award because the Agency is legally committed to pay that amount.

Debt Collection Improvement Act of 1996

The Debt Collection Improvement Act of 1996 was enacted to enhance the ability of the federal government to service and collect debts. NARA's

shared-services providers for payroll, the Department of the Interior, Interior Business Center (IBC), and the Department of Treasury, Bureau of the Fiscal Service, Administrative Resource Center (ARC) manage NARA employee debts. The IBC tracks employee debts and pursues delinquent debts from NARA employees through salary offsets. NARA actively pursues delinquent non-Federal claims, and upon request by NARA, ARC transmits delinquent claims to Debt Management Services (DMS) for collection cross-servicing, in compliance with the Debt Collection Improvement Act of 1996.

Payment Integrity Information Act of 2019

The Payment Integrity Information Act of 2019 (PIIA) requires agencies to annually report on all programs and activities, identify those that may be susceptible to significant improper payments, estimate annual improper payments in the susceptible programs and activities and report the results of their improper payment activities.

An improper payment is any payment that should not have been made or that was made in an incorrect amount (including both overpayments and underpayments).

Digital Accountability and Transparency Act (DATA Act) of 2014

The Digital Accountability and Transparency Act of 2014 (DATA Act) (P.L. 113-101) was intended to make it easier to understand how the Federal government spends taxpayer dollars and improve oversight, data-driven decision-making, and innovation both inside and outside of the government.

NARA works cooperatively with our financial management shared services provider, the Department of Treasury, Bureau of the Fiscal Service, Administrative Resource Center (ARC), to certify and publish detailed quarterly spending data on the USAspending.gov website in compliance with the Data Act.

Forward-Looking Information

Make Access Happen

Make Access Happen affirms that “public access” is NARA’s core mission and is a higher calling that gives purpose and meaning to all our work.

NARA expects to see a substantial increase in the volume of analog records that are digitized in-house and made available through the National Archives Catalog. NARA will integrate user feedback into mainstream agency description practices, so users are able to find records of interest.

Connect with Customers

Connect with Customers challenges us to continuously improve the customer experience, cultivate public participation, and generate new understanding of the importance of records in a democracy.

In FY 2025, NARA will finalize its plans for programming, civic education and exhibitions related to the 250th anniversary of the Declaration of Independence. NARA will ensure that newly constructed exhibits address accessibility best practices for the physical space and exhibit content.

Maximize NARA’s Value to the Nation

NARA is modernizing records management practices across the Federal government, advancing digital preservation of archival electronic records, and supporting the transition to digital government.

NARA continues working on additional regulations with digitization standards for film records that will be issued in FY 2025. In FY 2024, NARA completed its exploration for the implementation of a public dashboard to report on records management issues across the federal government. NARA will continue moving towards implementing the dashboard in FY 2025.

Build our Future through our People

NARA must provide all employees with learning and leadership opportunities necessary to successfully transition to a digital environment, support career development, and thrive in an inclusive, supportive, and diverse work environment.

In FY 2025 and FY 2026, NARA will continue to expand coaching opportunities and increase awareness among the workforce.

Management Assurances



November 12, 2024

FY 2024 MODIFIED STATEMENT OF ASSURANCE

The National Archives and Records Administration (NARA) Management is responsible for establishing, maintaining, and assessing internal control to ensure operational and financial control, and financial management systems meet the requirements and objectives of Federal Managers' Financial Integrity Act (FMFIA), Federal Financial Management Improvement Act (FFMIA), OMB Circular No. A-123, *Management's Responsibility for Enterprise Risk Management and Internal Control*, and the Digital Accountability and Transparency Act (DATA Act) of 2014. As of September 30, 2024, I am providing a modified statement of assurance with two noted exceptions. The first is a significant deficiency regarding NARA's Information Services Technology Security processes, and the second is a control deficiency related to Agency Services Electronic Records Management. Nonetheless, NARA internal control is effectively functioning overall, providing reasonable assurance that:

- (i) Programs achieve their intended results;
- (ii) Resources are used consistent with NARA's mission;
- (iii) Program and resources are protected from waste, fraud and mismanagement;
- (iv) Laws and regulations are followed; and
- (v) Reliable and timely information is obtained, maintained, reported and used for decision making.

This assessment is based on results of internal control monitoring, testing and reporting conducted by NARA offices, via NARA's Internal Control Program; information obtained and evaluated by management through daily operations; discussions of weaknesses and risk conducted by NARA senior leadership, risk management officials and bodies, and risk management staff; and audits conducted by NARA's Office of Inspector General, the Government Accountability Office (GAO), and other third parties. I have also considered the advice of key management officials and the Inspector General in preparing this statement of assurance.

Sincerely,

DR. COLLEEN J. SHOGAN
Archivist of the United States

Limitations of the Financial Statements

The principal financial 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). NARA's financial 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 OMB. These statements are prepared in addition to the financial reports NARA uses to monitor and control budgetary resources, which are prepared from the same books and records. NARA's financial statements should be read with the realization that they are for a component of the U.S. Government, which is a sovereign entity.

FINANCIAL SECTION

The Financial Section contains the Independent Auditors' Report, NARA's financial statements and notes to financial statements, and required supplementary information.

The financial statements provide a comparison of FY 2024 and FY 2023 results. NARA prepares these statements in conformity with the U.S. Generally Accepted Accounting Principles (GAAP) for the federal government and OMB Circular A-136, Financial Reporting Requirements.

The notes accompanying the financial statements describe significant accounting policies, as well as detailed information on the financial statement contents.

National Archives and Records Administration
 FY 2024 Agency Financial Report

Principal Financial Statements

Consolidated Balance Sheet

As of September 30, 2024 and 2023

(in thousands)

	2024	2023
Assets:		
Intragovernmental assets:		
Fund Balance with Treasury (Note 2)	\$ 326,454	\$ 333,443
Investments, net (Note 4)	20,256	14,123
Accounts receivable, net (Note 5)	20,477	8,287
Advances and Prepayments	12,526	4,175
Total Intragovernmental assets	<u>379,713</u>	<u>360,028</u>
Other than intragovernmental assets:		
Cash and other monetary assets (Note 3)	37	36
Accounts receivable, net (Note 5)	461	575
Inventory and related property, net (Note 6)	1,014	789
General property, plant, and equipment, net (Note 7)	113,951	78,246
Advances and Prepayments	825	-
Investments, net (Note 4)	109,239	90,371
Other Assets - Deferred Assets	-	4
Total other than Intragovernmental assets	<u>225,527</u>	<u>170,021</u>
Total Assets	<u>\$ 605,240</u>	<u>\$ 530,049</u>
Stewardship property, plant, and equipment (Note 8)		
Liabilities (Note 9):		
Intragovernmental liabilities:		
Accounts payable	\$ 2,332	\$ 2,143
Other Liabilities (Note 11)	3,647	3,316
Total Intragovernmental liabilities	<u>5,979</u>	<u>5,459</u>
Other than intragovernmental liabilities		
Accounts payable	37,363	26,524
Federal Employee Salary, Leave, and Benefits Payable	28,528	26,638
Pension, Other Post-Employment, and Benefits Payable	5,912	6,782
Environmental and disposal liabilities (Notes 9 & 10)	9,359	9,275
Advances from Others and Deferred Revenue	9	25
Other Liabilities (Note 11):		
Lease Liabilities (Note 12)	18,060	-
Other Liabilities w/Related Budgetary Obligations	-	1,465
Total other than intragovernmental liabilities	<u>99,231</u>	<u>70,709</u>
Total Liabilities	<u>\$ 105,210</u>	<u>\$ 76,168</u>
Commitments and Contingencies (Note 13)		
Net Position:		
Unexpended Appropriations		
Funds from Other than Dedicated Collections	\$ 255,237	\$ 239,070
Total Unexpended Appropriations (Consolidated)	<u>255,237</u>	<u>239,070</u>
Cumulative Results of Operations		
Funds from Dedicated Collections (Note 14)	132,357	105,301
Funds from Other than Dedicated Collections	112,436	109,510
Total Cumulative Results of Operations (Consolidated)	<u>244,793</u>	<u>214,811</u>
Total Net Position	<u>\$ 500,030</u>	<u>\$ 453,881</u>
Total Liabilities and Net Position	<u>\$ 605,240</u>	<u>\$ 530,049</u>

The accompanying notes are an integral part of these statements.

Consolidated Statement of Net Cost

For the fiscal years ended September 30, 2024 and 2023

(in thousands)	2024	2023
Archives and Records Management Activities		
Gross costs	\$ 443,400	\$ 413,602
Less: Earned Revenue	(196)	(135)
Net Program Costs	\$ 443,204	\$ 413,467
Records Center Storage and Services		
Gross costs	\$ 254,605	\$ 233,892
Less: Earned Revenue	(216,626)	(216,075)
Net Program Costs	\$ 37,979	\$ 17,817
Trust and Gift Funds		
Gross costs	\$ 14,512	\$ 26,375
Less: Earned Revenue	(31,595)	(34,477)
Net Program Costs	\$ (17,083)	\$ (8,102)
Other Programs:		
National Historical Publications and Records Commission Grants	\$ 14,479	\$ 8,523
Archives Facilities and Presidential Libraries Repairs and Restoration	22,804	10,640
Net Other Program Costs	\$ 37,283	\$ 19,163
Net Cost of Operations	\$ 501,383	\$ 442,345

The accompanying notes are an integral part of these statements.

National Archives and Records Administration
 FY 2024 Agency Financial Report

Consolidated Statement of Changes in Net Position

For the fiscal year ended September 30, 2024

(in thousands)	Funds from Dedicated Collections (Consolidated Totals) (Note 14)	Funds from Other than Dedicated Collections (Consolidated Totals)	Eliminations	Consolidated Totals
Unexpended Appropriations:				
Beginning Balance	\$ -	\$ 239,070	\$ -	\$ 239,070
Appropriations Received	-	507,084	-	507,084
Appropriations Transferred In/Out	-	(5,400)	-	(5,400)
Other Adjustments	-	(3,711)	-	(3,711)
Appropriations Used	-	(481,806)	-	(481,806)
Net Change in Unexpended Appropriations	-	16,167	-	16,167
Total Unexpended Appropriations	\$ -	\$ 255,237	\$ -	\$ 255,237
Cumulative Results of Operations:				
Beginning Balance	\$ 105,301	\$ 109,510	\$ -	\$ 214,811
Appropriations Used	-	481,806	-	481,806
Non-exchange Revenue	1,445	-	-	1,445
Donations and Forfeitures of Cash and Cash Equivalents	8,359	-	-	8,359
Transfers In/Out Without Reimbursement	(618)	618	-	-
Imputed Financing	502	37,357	-	37,859
Other	1,896	-	-	1,896
Net Cost of Operations	15,472	(516,855)	-	(501,383)
Net Change in Cumulative Results of Operations	27,056	2,926	-	29,982
Total Cumulative Results of Operations	132,357	112,436	-	244,793
Net Position	\$ 132,357	\$ 367,673	\$ -	\$ 500,030

The accompanying notes are an integral part of these statements.

Consolidated Statement of Changes in Net Position

For the fiscal year ended September 30, 2023

(in thousands)	Funds from Dedicated Collections (Consolidated Totals) (Note 14)	Funds from Other than Dedicated Collections (Consolidated Totals)	Eliminations	Consolidated Totals
Unexpended Appropriations:				
Beginning Balance	\$ -	\$ 180,943	\$ -	\$ 180,943
Appropriations Received	-	490,297	-	490,297
Appropriations Transferred In/Out	-	(2,000)	-	(2,000)
Other Adjustments	-	(4,303)	-	(4,303)
Appropriations Used	-	(425,867)	-	(425,867)
Net Change in Unexpended Appropriations	-	58,127	-	58,127
Total Unexpended Appropriations	\$ -	\$ 239,070	\$ -	\$ 239,070
Cumulative Results of Operations:				
Beginning Balance	\$ 99,760	\$ 102,607	\$ -	\$ 202,367
Appropriations Used	-	425,867	-	425,867
Non-exchange Revenue	1,009	-	-	1,009
Donations and Forfeitures of Cash and Cash Equivalents	(2,680)	-	-	(2,680)
Transfers In/Out Without Reimbursement	(560)	560	-	-
Imputed Financing	418	30,035	-	30,453
Other	140	-	-	140
Net Cost of Operations	7,214	(449,559)	-	(442,345)
Net Change in Cumulative Results of Operations	5,541	6,903	-	12,444
Total Cumulative Results of Operations	105,301	109,510	-	214,811
Net Position	\$ 105,301	\$ 348,580	\$ -	\$ 453,881

The accompanying notes are an integral part of these statements.

National Archives and Records Administration
 FY 2024 Agency Financial Report

Combined Statement of Budgetary Resources

For the fiscal years ended September 30, 2024 and 2023

(in thousands)	2024	2023
Budgetary Resources:		
Unobligated balance from prior year budget authority, net (discretionary and mandatory) (Note 15a)	\$ 210,119	\$ 195,548
Appropriations (discretionary and mandatory)	517,514	494,027
Spending authority from offsetting collections (discretionary and mandatory)	224,766	264,640
Total Budgetary Resources	\$ 952,399	\$ 954,215
 Status of Budgetary Resources		
New Obligations and Upward adjustments (total)	\$ 791,203	\$ 757,425
Unobligated balance, end of year:		
Apportioned, unexpired accounts	138,793	166,617
Exempt from apportionment, unexpired accounts	4,683	3,123
Unapportioned, unexpired accounts	4,878	15,783
Unexpired unobligated balance, end of year	148,354	185,523
Expired unobligated balance, end of year	12,842	11,267
Unobligated balance, end of year (total)	161,196	196,790
Total Budgetary Resources	\$ 952,399	\$ 954,215
 Outlays, Net and Disbursements, Net		
Outlays, net (total) (discretionary and mandatory)	\$ 509,257	\$ 434,315
Distributed offsetting receipts	(9,724)	1,175
Agency Outlays, net (discretionary and mandatory)	\$ 499,533	\$ 435,490

The accompanying notes are an integral part of these statements.

Notes to the Financial Statements

Note 1 – Summary of Significant Accounting Policies

A. Reporting Entity

The National Archives and Records Administration (NARA) is an independent agency administered by the Archivist of the United States. It comprises various Operating Administrations, each with its management and organizational structure, which collectively provide services and access to essential records. NARA's financial statements presented include accounts of all funds under NARA's control. The Financial Summary of Management Discussion and Analysis provides details on the NARA accounts. NARA does not have reportable balances with disclosure entities or related parties.

B. Accounting Policies

These statements have been prepared from the accounting records of NARA in conformity with the Generally Accepted Accounting Principles (GAAP) of the United States as promulgated by the Federal Accounting Standards Advisory Board (FASAB), and the Office of Management and Budget (OMB) Circular A-136, *Financial Reporting Requirements*. The American Institute of Certified Public Accountants (AICPA) recognizes FASAB standards as GAAP for Federal reporting entities.

Transactions are recorded on both an accrual and budgetary basis of accounting. Under the accrual basis, 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.

Accounting standards require all reporting entities to disclose that accounting standards allow certain presentations and disclosures to be modified, if needed, to prevent the disclosure of classified information.

Upon review of the Reconciliation of Net Cost to Net Outlays it was determined that the Accounts Receivable and Accounts Payable eliminations should be included. As a result, Note 16 Reconciliation of Net Cost to Net Outlays for both the current and prior years have been updated to reflect this change.

Starting in FY 2024, Federal reporting entities are required to report a right-to-use lease asset and a lease liability for non-intragovernmental, non-short-term contracts or agreements, when the entity has the right to obtain and control access to economic benefits or services from an underlying property, plant, or equipment asset for a period of time in exchange for consideration under the terms of the contract or agreement.

In accordance with SFFAS 62 Transitional Amendment to SFFAS 54, NARA has elected the accommodation beginning October 1, 2026 to apply the provisions of SFFAS 54 to lease components or new or modified contracts or agreements meeting the "embedded leases".

C. Fund Balance with Treasury and Cash

Fund Balance with Treasury primarily represents appropriated, revolving, and trust funds. These funds may be used by NARA to finance expenditures. The U.S. Treasury processes NARA's cash receipts and disbursements.

Cash consists of imprest funds at Presidential Library museum stores. These funds are used to finance the store cashiers' start-up cash.

D. Accounts Receivable

Accounts receivable primarily consist of amounts due to the Revolving Fund for services provided to Federal agencies. NARA does not recognize any allowance for loss on intragovernmental accounts receivable as they are considered fully collectible.

E. Investments in Securities

NARA holds both Federal and Non-Federal investments. Investments in Federal securities are made daily and reported at cost. A third-party capital management firm, the Vanguard Group, holds all Non-Federal investments, and are classified as trading equity securities that have readily determinable fair values. The balance sheet reports Non-Federal securities at fair value. Unrealized holding gains and losses, as well as interest income earned, are recognized in earnings every month.

NARA employs the services of the Vanguard Group to monitor and manage endowments, received pursuant to 44 U.S.C. § 2112, for the George Bush Library, William J. Clinton Library, George W. Bush Library, and Gerald R. Ford Library. The endowments provide income to offset the operations and maintenance costs of each corresponding Presidential library. The Collective Fund reflects each endowment as a separate investment account. NARA also exercises its authority under 44 U.S.C. § 2306, to move a portion of federally held investments for the Presidential Libraries to Vanguard.

F. Inventories

The National Archives Trust Fund inventories, which consist of merchandise held for sale, are stated at the lower of cost or market value, with the cost determined using the average cost method. The basis for the allowance for damaged and obsolete goods is a historical analysis and evaluation of inventory turnover from year to year. Recording of expenses occurs at the sale of inventories.

G. General Property, Plant, and Equipment (PP&E)

NARA's General PP&E falls into two categories: General PP&E and Stewardship PP&E (heritage assets). General PP&E items are used to provide general government goods and services. General PP&E does not include heritage assets, defined as unique PP&E for one or more of the following reasons: historical or natural significance; cultural, educational, or artistic (e.g., aesthetic) importance; or significant architectural characteristics.

Multi-use heritage assets are heritage assets that are used predominantly for general government operations. General PP&E on the balance sheet includes the capitalization of costs

of acquisition, significant betterment, or reconstruction of multi-use heritage assets and its depreciation.

H. Federal Employee Benefits

Employee Health and Life Insurance Benefits

All permanent NARA employees are eligible to participate in the contributory Federal Employees Health Benefit (FEHB) Program and the Federal Employees Group Life Insurance (FEGLI) Program and may continue to participate after retirement. Both programs require contributions from the employee based on the coverage options selected by the employee. NARA makes contributions recognized as operating expenses for the required employer share through the Office of Personnel Management (OPM) to FEHB and FEGLI.

OPM administers and reports the assets and liabilities for the post-retirement portion of these benefits. OPM finances these costs and NARA recognizes the full cost, including recognizing imputed cost for the difference between the estimated service cost and the sum of participants' pension benefit withholdings and agency contributions. Using the cost factors supplied by OPM, NARA recognizes an expense for the future cost of post-retirement health benefits and life insurance for its employees as an imputed cost on the Statement of Net Costs and imputed financing sources on the Statement of Changes in Net Position.

Employee Retirement Benefits

All permanent NARA employees participate in either the Civil Service Retirement System (CSRS) or the Federal Employee Retirement System (FERS). NARA makes the required employer contributions to CSRS and FERS and matches certain employee contributions to the thrift savings component of FERS. NARA recognizes these payments as operating expenses. The pension expense recognized in the financial statements equals the current service cost for NARA employees for the accounting period less the amount contributed by the employees. OPM, the administrator of these plans, supplies NARA with factors derived through actuarial cost methods and assumptions to apply in the calculation of the service cost. The excess of the recognized pension expense over the amount contributed by NARA and its employees represents the amount being financed directly by OPM and is considered imputed financing to NARA; this amount appears as an imputed cost on the Statement of Net Cost and as an imputed financing source on the Statement of Changes in Net Position.

Workers' Compensation Program

The Federal Employees Compensation Act (FECA) provides income and medical cost protection to covered Federal civilian employees injured on the job, employees who have incurred work-related occupational diseases, and beneficiaries of employees whose deaths are attributable to job-related injuries or occupational diseases. The U.S. Department of Labor

(DOL) administers the FECA program, 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 ten-year Treasury notes and bonds. Since DOL has not recognized neither the cost nor reimbursements, NARA computes actuarial FECA liability based on the model provided by DOL and presents it as a liability to the public on the Balance Sheet.

I. 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. For appropriated funds, current or prior year appropriations are not available to fund annual leave earned but not taken. This liability is not covered by budgetary resources. Funding and payment occur in the year the leave is taken. The trust and revolving accounts fully fund annual leave when earned and are, therefore, included in the total liabilities covered by budgetary resources.

NARA expenses sick leave and other types of non-vested leave as taken.

J. 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.

K. Contingencies and Commitments

NARA generally recognizes 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 "reasonably possible" are disclosed in the notes to the financial statements. Liabilities that are deemed "remote" are not recognized or disclosed in the financial statements.

L. Allocation of Program Management Cost

NARA is comprised of various operating administrations, each having its management and organizational structure. NARA allocates its general management and administrative support to its major components, *Archives and Records Management activities* and *Revolving fund*. General management costs are not allocated to the Trust and Gift Funds, administered by the National Archives Trust Fund Board, which is an organization independent of and not funded by NARA. All other programs appearing on the Statement of Net Cost, such as *Archives facilities*

and presidential libraries repairs and restoration and National Historic Publications and Records Commission Grants are, in essence, a part of the *Archives and Records Management Activities* appropriation, which funds the related administrative costs. These sub-programs are shown separately to demonstrate accountability and custodial responsibility for the funds received for these programs.

M. Funds from Dedicated Collections

NARA is subject to the Statement of Federal Financial Accounting Standards (SFFAS) No. 43, *Funds from Dedicated Collections: Amending Statement of Federal Financial Accounting Standards 27, Identifying and Reporting Earmarked Funds*, which requires separate identification of the funds from dedicated collections on the Balance Sheet, and the Statement of Changes in Net Position. These funds are defined when the following three criteria are met: (1) a statute committing the Federal Government to use specifically identified revenues and other financing sources only for designated activities, benefits, or purposes; (2) explicit authority for the fund to retain revenues and other financing sources not used in the current period for future use to finance the designated activities, benefits, or purposes; and (3) a requirement to account for and report on the receipt, use, and retention of the revenues and other financing sources that distinguishes the fund from the Government’s general revenues.

Note 2 – Fund Balance with Treasury

(in thousands)	2024	2023
Status of Fund Balance with Treasury		
Unobligated Balance		
Available	\$ 123,183	\$ 155,583
Unavailable	17,721	27,050
Obligated Balance not yet disbursed	184,935	150,241
Sequestration for Trust fund	615	569
Total	\$ 326,454	\$ 333,443

Conditional donations, included in the available unobligated and obligated 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 “conditional.” Endowments for the Presidential Libraries are conditional and have been obligated and invested in non-federal investments.

Note 3 – Cash and Other Monetary Assets

Cash and Other Monetary Assets are solely comprised of the collective Imprest Fund balance of Trust Fund operations. These funds are the constant change balance in the cashier's tills at the library museum stores. At the end of each business day, the original balance of the imprest funds is counted and the remainder of the funds are deposited as part of the daily sales.

Note 4 – Investments, net

The Department of the Treasury issues Treasury securities to the Gift and Trust funds as evidence of its receipts. Treasury securities are an asset to the Gift and Trust Funds and a liability to the U.S. Treasury.

Since the Gift and Trust Funds and the U.S. Treasury are both parts of the Government, these assets and liabilities offset each other from the standpoint of the Government as a whole and do not represent an asset or a liability in the U.S. Government financial statements.

Treasury securities provide the Gift and Trust Funds with authority to draw upon the U.S. Treasury to make future benefit payments or other expenditures. When the Gift and Trust Funds require redemption of these securities to make expenditures, the Government finances those expenditures in the same way as all other expenditures: out of accumulated cash balances, by raising taxes or other receipts, by borrowing from the public or repaying less debt, or by curtailing other expenditures.

The Fair Value Levels identified below are defined as follows:

- Level 1 - Reflects the unadjusted quoted prices in active markets for identical assets that the reporting entity can access at the measurement date.
- Level 2 - Reflects inputs other than quoted prices in Level 1 that are directly or indirectly observable for the asset.
- Level 3 - Reflects unobservable inputs for the asset.
- Other – Includes investments that are measured at fair value using the net asset value per share of the investment and have not been categorized in the fair value hierarchy.

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Investments as of September 30, 2024

(in thousands)	Cost	Interest Receivable	Net Investments	Unrealized Gain/(Loss)	Market Value
Intragovernmental Securities:					
(1) Marketable	\$ 20,256	\$ -	\$ 20,256	\$ -	\$ 20,256
Total Intragovernmental	<u>\$ 20,256</u>	<u>\$ -</u>	<u>\$ 20,256</u>	<u>\$ -</u>	<u>\$ 20,256</u>
Other Securities:					
(3) Trading (Mutual Funds)	\$ 96,051	\$ 57	\$ 96,108	\$ 13,131	\$ 109,239
Total Trading Securities	<u>\$ 96,051</u>	<u>\$ 57</u>	<u>\$ 96,108</u>	<u>\$ 13,131</u>	<u>\$ 109,239</u>
Total Investments	<u>\$ 116,307</u>	<u>\$ 57</u>	<u>\$ 116,364</u>	<u>\$ 13,131</u>	<u>\$ 129,495</u>

Investments as of September 30, 2023

(in thousands)	Cost	Interest Receivable	Net Investments	Unrealized Gain/(Loss)	Market Value
Intragovernmental Securities:					
(1) Marketable	\$ 14,121	\$ 2	\$ 14,123	\$ -	\$ 14,123
Total Intragovernmental	<u>\$ 14,121</u>	<u>\$ 2</u>	<u>\$ 14,123</u>	<u>\$ -</u>	<u>\$ 14,123</u>
Other Securities:					
(3) Trading (Mutual Funds)	\$ 93,638	\$ 54	\$ 93,692	\$ (3,321)	\$ 90,371
Total Trading Securities	<u>\$ 93,638</u>	<u>\$ 54</u>	<u>\$ 93,692</u>	<u>\$ (3,321)</u>	<u>\$ 90,371</u>
Total Investments	<u>\$ 107,759</u>	<u>\$ 56</u>	<u>\$ 107,815</u>	<u>\$ (3,321)</u>	<u>\$ 104,494</u>

Fair Value Measurement of Other than Intragovernmental Investments as of September 30, 2024

(in thousands)	Level 1	Level 2	Level 3	Other	Total
Non-federal Securities					
(3) Trading (Mutual Funds)	\$ -	\$ -	\$ 96,108	\$ -	\$ 96,108
Total Fair Value Measurements	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 96,108</u>	<u>\$ -</u>	<u>\$ 96,108</u>

Fair Value Measurement of Other than Intragovernmental Investments as of September 30, 2023

(in thousands)	Level 1	Level 2	Level 3	Other	Total
Non-federal Securities					
(3) Trading (Mutual Funds)	\$ -	\$ -	\$ 93,692	\$ -	\$ 93,692
Total Fair Value Measurements	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 93,692</u>	<u>\$ -</u>	<u>\$ 93,692</u>

Note 5 – Accounts Receivable, Net

Intragovernmental Accounts Receivable primarily consist of amounts due to the Revolving Fund for services provided to Federal Agencies.

(in thousands)	2024	2023
Intragovernmental:		
Accounts Receivable, Gross	\$ 20,477	\$ 8,287
Allowance for Uncollectible Amounts	-	-
Accounts Receivable, Net	\$ 20,477	\$ 8,287
Other than Intragovernmental:		
Accounts Receivable, Gross	\$ 461	\$ 575
Allowance for Uncollectible Amounts	-	-
Accounts Receivable, Net	\$ 461	\$ 575

Note 6 – Inventory and Related Property, Net

Inventories consist of merchandise held available for current sale at gift shops in the Presidential Libraries and National Archives buildings.

(in thousands)	2024	2023
Inventory held for sale	\$ 1,113	\$ 888
Allowance for damaged and obsolete goods	(99)	(99)
Net realizable value	\$ 1,014	\$ 789

Note 7 – General Property, Plant, and Equipment, Net

This note provides additional information supporting the General Property, Plant, and Equipment reported on the Consolidated Balance Sheet.

(in thousands)		2024	2023		
Asset category	Useful life in years	Acquisition cost	Accumulated Depreciation/ Amortization	Net Book Value	Net Book Value
Land	N/A	\$ 2,628	\$ -	\$ 2,628	\$ 2,628
Buildings and Structures	30	412,238	(394,080)	18,158	12,827
Construction in Progress	N/A	18,416	-	18,416	15,112
Equipment & Shelving	3 to 20	121,005	(108,311)	12,694	7,785
Leasehold Improvements	various	48,895	(41,428)	7,467	9,138
Internal-Use Software	5	417,671	(398,490)	19,181	-
Software in Development	N/A	17,818	-	17,818	22,017
Right to Use Lease Assets (Note 11 Leases)	N/A	22,369	(4,780)	17,589	8,739
Total property, plant and equipment		<u>\$ 1,061,040</u>	<u>\$ (947,089)</u>	<u>\$ 113,951</u>	<u>\$ 78,246</u>

NARA capitalizes property items with a unit cost equal to or exceeding \$50 thousand, and construction and internal-use software development projects with the total development cost of \$250 thousand or greater, and a useful life exceeding two years. Internal-use software includes commercial off-the-shelf (COTS) software and internally developed software. NARA expenses property items not meeting the capitalization criteria. Depreciation expense is calculated using the straight-line method over the useful life.

Land and Buildings and structures included above represent multi-use heritage assets. Assets deemed purely heritage assets are not included in the Balance Sheet. See Note 8 for further detail.

Note 8 - Stewardship PP&E

NARA is a custodian to multiple assets classified as “heritage,” including the National Archives Building in Washington, DC, all Presidential Libraries, traditional and electronic archival records, and a variety of artifacts. These heritage assets are integral to NARA’s mission to safeguard, preserve, and ensure continued access to the records of our Government.

Heritage assets, except for those designated as multi-use, are not included in the Balance Sheet, as no financial value is, nor can be placed on them.

The major categories of heritage assets for NARA are buildings, land, and archival holdings and artifacts. NARA reports archival holdings by collection (e.g., Presidential, regional) and storage media (e.g., traditional, electronic), to more closely align with NARA processes to maintain and preserve archival holdings.

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	Buildings	Multi-Use Land	Traditional Holdings Collections	Electronic Holdings Collections	Artifacts Collections
National Archives Building in Washington, DC	1	-	1	1	1
National Archives Building at College Park, MD	1 (multi-use)	-	1	1	1
NARA field archives	1 (multi-use)	1	12	-	-
Affiliated archives	-	-	7	2	-
Presidential Libraries	13	-	15	4	15
TOTAL	16	1	36	8	17

Buildings

The National Archives building in Washington, DC, permanently displays the Declaration of Independence, the Constitution, and the Bill of Rights. The National Archives building also houses permanently valuable records relating to genealogy, Native Americans, pre-World War II military and naval-maritime matters, the New Deal, the District of Columbia, the Federal courts, Congress, and Vice Presidents Gore and Cheney.

The National Archives in College Park, MD provides appropriate storage and preservation for collections including electronic records, cartographic and architectural holdings, special media (still photographs, motion pictures, audio recordings, and videotapes), artifacts, the John F. Kennedy Assassination Records collection, textual records from most civilian agencies, and military records dating from World War II. Because the building also serves as NARA’s administrative headquarters, the facility was deemed to be a multi-use heritage asset and included in PP&E on the Balance Sheet (Note 7).

NARA’s regional archives facilities are leased, with the exception of the National Archives in Atlanta, GA, built on land purchased by NARA. The National Archives in Atlanta building and land are designated as multi-use heritage assets and included in PP&E on the Balance Sheet (Note 7).

NARA field archival facilities contain collections of archival holdings of value for genealogical and historical research, such as naturalization records and passenger lists, closed business and personal bankruptcy case files, and civil and criminal case files from Federal courts. The traditional military service records for the twentieth century and personnel records of former federal civilian employees from the mid-1800s through 1951 are managed at the National Personnel Records Center in St. Louis, MO.

Affiliated archives store some holdings of the National Archives. Currently, nine affiliated institutions store archival Federal records on behalf of NARA.

The fifteen Presidential Libraries are designated as heritage assets. Thirteen of the Presidential Libraries comprises a combination of buildings, structures, and land under NARA's management used to store, preserve, and display the collections of traditional archival holdings and artifacts from each respective Presidential administration.

In 2017, archival holdings relating to the Presidential records created during the administration of President Barack Obama were added to NARA's heritage assets. Unlike the other NARA Presidential libraries, whereby Presidential artifacts are made available through a traditional library or museum, the Obama heritage assets will be available digitally.

In 2021, archival holdings related to the Presidential records created during the administration of President Donald Trump were added to NARA's heritage assets. At this time, no plans have been made by the former president regarding a library or museum.

Multi-Use Land

NARA owns a parcel of land designated as multi-use at the National Archives in Atlanta, GA.

Traditional Archival Holdings

Traditional archival holdings consist of: (a) Traditional textual records on paper; and (b) Traditional non-textual records that are not electronic records, including: still pictures on paper and film; architectural drawings, charts, maps and other cartographic records on paper; textual records on microfilm; motion pictures, video, sound recordings; and other clearly non-textual records.

Electronic Archival Holdings

Electronic archival holdings are records in digital form, including but not limited to word processing documents, spreadsheets, emails (with attachments), databases, satellite imagery, and digital photographs from agencies in the executive, legislative, and judicial branches. The ERA 2.0 System, or ERA 2.0 system, was launched in October 2018 and maintains electronic records from Federal agencies. The Executive Office of the President (EOP) ERA environments maintain unclassified electronic archival holdings from the administrations of Ronald Reagan, George H.W. Bush, William J. Clinton, George W. Bush and Barack H. Obama. NARA is currently ingesting electronic archival holdings from the Donald J. Trump administration into an instance of the EOP ERA environment and will complete that effort in FY 2024.

Artifacts

In addition to artifacts at the National Archives buildings at Washington, DC, and College Park, MD, each Presidential Library is a repository to a collection of artifacts that NARA preserves and exhibits to promote public understanding of the respective Presidential administrations and the career of the President. These artifact collections include gifts from foreign heads of state, luminaries, and common citizens with artifacts ranging from high-value

items -- including firearms, jewelry, works of art, and coins and currency – as well as tee shirts, trinkets, and curiosities.

NARA's collections only grow with the accession of new records or transfer of Presidential materials. No collection is ever disposed of or retired. NARA accessions records when the Archivist of the United States has determined, through the formal scheduling and appraisal process, that records have sufficient administrative, legal, research, or other value to warrant their continued preservation by the Government (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 USC § 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. NARA's Annual Performance Report will provide performance details on progress in processing records and preservation efforts.

The most effective means to preserve records is by providing physically and environmentally appropriate storage conditions at NARA facilities. The Required Supplementary Information contains information about the deferred maintenance and repairs on NARA buildings and estimated land acreage.

NARA may gain ownership of heritage assets as permanent records accessioned from other federal agencies and the Executive Office of the President, or through gifts and bequests 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 National Archives activities or Presidential Libraries.

Note 9 - Liabilities Not Covered by Budgetary Resources

Liabilities not covered by budgetary resources are liabilities that are not funded by a direct budgetary authority in the current fiscal year. These liabilities 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 appropriations.

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(in thousands)	<u>2024</u>	<u>2023</u>
Intragovernmental Liabilities		
Other Liabilities	\$ 422	\$ 446
Other Liabilities Without Related Budgetary Obligations - TMF Loan	559	559
Total Intragovernmental Liabilities	<u>\$ 981</u>	<u>\$ 1,005</u>
Environmental and disposal liabilities	\$ 9,359	\$ 9,275
Federal employee benefits payable	15,894	15,206
Pension, Other Post-Employment and Benefits Payable	5,912	6,782
Unfunded Lessee Lease Liability	18,007	-
Total liabilities not covered by budgetary resources	<u>\$ 50,153</u>	<u>\$ 32,268</u>
Total liabilities covered by budgetary resources	<u>55,047</u>	<u>43,879</u>
Total liabilities not requiring budgetary resources	<u>10</u>	<u>21</u>
Total liabilities	<u><u>\$ 105,210</u></u>	<u><u>\$ 76,168</u></u>

[Note 10 - Environmental and Disposal Liabilities](#)

NARA has recorded a liability for estimated cleanup costs related to asbestos in accordance with FASAB Technical Bulletin 2006-1: Recognition and Measurement of Asbestos-Related Cleanup Costs. This standard requires all Federal entities to disclose the estimated clean-up costs for the future removal of asbestos that does not pose an immediate health threat, known as “non-friable” asbestos. NARA has identified seven facilities (all are stewardship assets) where the existence of non-friable asbestos is probable. NARA developed a method to estimate the liability for future non-friable asbestos cleanup costs by using the quantity of non-friable asbestos identified in previous asbestos surveys and other reports, and the current cost to contain, remove, and dispose of it. This cost estimate is reviewed and updated annually, to account for any asbestos cleanup activity performed during the year, plus inflation.

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Note 11 - Other Liabilities

(in thousands)	2024	2023
Intragovernmental:		
Employer Contributions and Payroll Taxes Payable	\$ 443	\$ 375
Other Post Employment Benefits Due and Payable	2,635	2,361
Other Liabilities Without Related Budgetary Obligations - TMF Loan	559	559
Custodial liabilities (to the general fund)	10	21
Total Intragovernmental	\$ 3,647	\$ 3,316
Other than intragovernmental:		
Lessee Lease Liability	\$ 53	\$ -
Unfunded Lessee Lease Liability	18,007	-
Other Liabilities w/Related Budgetary Obligations	-	1,465
Total other than intragovernmental	\$ 18,060	\$ 1,465
Total other liabilities	\$ 21,707	\$ 4,781

Note 12 - Leases

NARA Leases space, vehicles and equipment. The majority of field operations are conducted from leased facilities.

Beginning in FY 2024, Federal reporting entities are required to report a right-to-use lease asset and a lease liability for non-intragovernmental, non-short-term contracts or agreements, when the entity has the right to obtain and control access to economic benefits from an underlying property, plant, or equipment asset for a period of time in exchange for consideration under the terms of the contract or agreement. In accordance with SFFAS 62 Transitional Amendment to SFFAS 54- NARA has elected the accommodation beginning October 1, 2026, to apply the provisions of SFFAS 54 to lease components or new or modified contracts or agreements meeting the “embedded leases”.

NARA’s right-to use leases are Valmeyer I, Valmeyer II, Fort Worth-Burgess facilities and Potomac Electric Power Company (Pepco) for a parcel of land for the parking lot adjacent to the National Archives building in College Park, Maryland. These facility leases are direct leases under delegated authority. The Valmeyer I and II leases expire June 30, 2028, and Fort Worth October 31, 2026. The Pepco lease was extended for a 20 year period beginning May 1, 2023, through April 30, 2043. The [Treasury Annual Interest Rate Certification](#) Table 1 - Range of Maturities was utilized to identify the discount rates for Valmeyer I and II 4.375%, Fort Worth 4.625% and Pepco 4.5%. The annual lease expense at September 30, 2024 totals \$5.7 million.

The future years lease payments are shown below:

As of September 30, 2024

(in thousands)

Right to Use Current Year Lease Payments

Principal & Interest	Principal	Interest	Total
2024	\$ 52	\$ 130	\$ 182
Current Year Total	\$ 52	\$ 130	\$ 182

Right to Use Future Years Lease Payments

Principal & Interest

As of September 30, 2024	Principal	Interest	Total
2025	\$ 4,566	\$ 709	\$ 5,275
2026	4,780	500	5,280
2027	3,067	318	3,385
2028	3,029	188	3,217
2029	92	114	206
2030-2034	617	493	1,110
2035-2039	935	321	1,256
2040-2043	921	79	1,000
Future Years Total:	\$ 18,007	\$ 2,722	\$ 20,729

Total Lease Liability at September 30, 2024	\$ 18,059
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<i>Covered Lease Liability & Accrued Interest as of 9/30/24</i>	\$ 52	\$ 130
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<i>Uncovered Lease Liability as of 9/30/24</i>	18,007	-
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<i>Total</i>	<i>\$ 18,059</i>	<i>\$ 130</i>
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Intragovernmental Leases include General Services Administration (GSA) Leases for twenty facilities, Telecommunications Ordering and Pricing System (TOPS), Network and Vehicles (Motorpool). Along with two leases with the Government Publishing Office in Washington, DC for the Office of Federal Register/OGIS and the Center for Legislative Archives spaces. Eleven of the intragovernmental leases with GSA are non-cancellable. Due to the transition to digital records, for more recent leases, NARA has sought lease terms less than 20 years and with reduced fixed terms to better align storage capacity with a declining need.

Two new intragovernmental leases have been entered into with GSA. A non-cancellable lease in Ellenwood, Georgia starts September 1, 2024, with a 10 year term and a non-cancellable lease in Riverside, California starts December 1, 2024, with a 20 year term. Both replace previous delegated, direct leases which were identified as short-term leases at the beginning of the fiscal year.

The Intragovernmental Lease expenses are shown below:

As of September 30, 2024		
(in thousands)		
Facilities	\$	57,333
GSA Motorpool		282
GSA Telecommunication		390
Total	\$	58,005

All GSA and public corporation leases include escalation clauses for operating costs tied to inflationary increases and for real estate taxes tied to tax increases.

Note 13 - Commitments and Contingencies

NARA has incurred various claims in the normal course of business. As of September 30, 2024, and in the opinion of the General Counsel, NARA has no outstanding claims that have reasonable possibility of an unfavorable outcome with an estimated range of loss greater than \$250,000.

Management believes the possible loss for all current claims are remote or immaterial with respect to NARA's financial statements. Under law, any claims finally adjudicated or settled at the administrative level would be paid from the NARA's funds and any claims litigated in federal court would either be paid out of NARA's funds under the No FEAR Act or Contract Disputes Act, or out of the Treasury's Claims, Judgments and Relief Act Fund.

Note 14 - Funds from Dedicated Collections

Funds from dedicated collections are financed by specifically identified revenues, which remain available over time. These specifically identified revenues are required by statute to be used for designated activities or purposes and accounted for separately from the Government's general revenues. NARA has two funds that are considered funds from dedicated collections: the National Archives Trust Fund and the National Archives Gift Fund, administered by the National Archives Trust Fund Board.

Congress established the National Archives Trust Fund Board to receive and administer gifts and bequests and to receive monies from the sale of reproductions 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. The membership, functions, powers, and duties of the National Archives Trust Fund Board are prescribed in the National Archives Trust Fund Board Act of July 9, 1941, as amended (44 U.S.C. §§ 2301-2308). The Board has established by laws governing the conduct of

the Board and its operations, 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.

NATF finances and administers the reproduction or publication of records and other historical materials. 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, Research Services, and the National Historical Publications and Records Commission.

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Financial information for Trust Fund and Gift Fund as of September 30, 2024, consists of:

(in thousands)	Trust Fund (Combined)	Gift Fund (Combined)	Total Funds from Dedicated Collections (Combined)	Eliminations between Dedicated Collection Funds	Total Funds from Dedicated Collections (Consolidated)
Balance Sheet					
Intragovernmental					
Fund Balance with Treasury	\$ 628	\$ 1,593	\$ 2,221	-	\$ 2,221
Investments, net	6,701	13,555	20,256	-	20,256
Accounts receivable, net	47	-	47	-	47
Total intragovernmental assets	<u>7,376</u>	<u>15,148</u>	<u>22,524</u>	<u>-</u>	<u>22,524</u>
Cash and other monetary assets	37	-	37	-	37
Accounts receivable, net	209	-	209	-	209
Inventory and related property, net	1,014	-	1,014	-	1,014
Property, Plant, and Equipment, net		355	355	-	355
Investments, (net)	89,042	20,197	109,239	-	109,239
Total other than intragovernmental	<u>90,302</u>	<u>20,552</u>	<u>110,854</u>	<u>-</u>	<u>110,854</u>
Total Assets	<u>\$ 97,678</u>	<u>\$ 35,700</u>	<u>\$ 133,378</u>	<u>\$ -</u>	<u>\$ 133,378</u>
Intragovernmental					
Accounts payable	\$ 10	\$ -	\$ 10	-	10
Other liabilities	30	-	30	-	30
Total intragovernmental liabilities	<u>\$ 40</u>	<u>\$ -</u>	<u>\$ 40</u>	<u>\$ -</u>	<u>\$ 40</u>
Other than intragovernmental:					
Accounts payable	545	38	583	-	583
Federal employee benefits payable	389	-	389	-	389
Advance from Others and Deferred Revenue	9	-	9	-	9
Total other than intragovernmental	<u>943</u>	<u>38</u>	<u>981</u>	<u>-</u>	<u>981</u>
Total liabilities	<u>983</u>	<u>38</u>	<u>1,021</u>	<u>-</u>	<u>1,021</u>
Unexpended appropriations					
Cumulative results of operations	96,695	35,662	132,357	-	132,357
Total liabilities and net position	<u>\$ 97,678</u>	<u>\$ 35,700</u>	<u>\$ 133,378</u>	<u>\$ -</u>	<u>\$ 133,378</u>
Statement of Net Cost					
Gross program costs	\$ 13,793	\$ 2,330	\$ 16,123	-	16,123
Less: Earned revenues	(31,595)	-	(31,595)	-	(31,595)
Net program costs	(17,802)	2,330	(15,472)	-	(15,472)
Net cost of operations	<u>\$ (17,802)</u>	<u>\$ 2,330</u>	<u>\$ (15,472)</u>	<u>\$ -</u>	<u>\$ (15,472)</u>
Statement of Changes in Net Position					
Cumulative Results of Operations:					
Beginning balance	\$ 78,400	\$ 26,901	\$ 105,301	-	105,301
Beginning balance, as adjusted	78,400	26,901	105,301	-	105,301
Other than Intragovernmental non-exchange revenue: Accrued Interest	-	739	739	-	739
Intragovernmental Non-exchange revenue	-	706	706	-	706
Donations and forfeitures of cash and property	-	8,359	8,359	-	8,359
Transfers in/out without reimbursement	(9)	(609)	(618)	-	(618)
Imputed Financing	502	-	502	-	502
Other	-	1,896	1,896	-	1,896
Net Cost of Operations	<u>17,802</u>	<u>(2,330)</u>	<u>15,472</u>	<u>-</u>	<u>15,472</u>
Net Change in Cumulative Results of Operations	<u>18,295</u>	<u>8,761</u>	<u>27,056</u>	<u>-</u>	<u>27,056</u>
Net Position, end of period	<u>\$ 96,695</u>	<u>\$ 35,662</u>	<u>\$ 132,357</u>	<u>\$ -</u>	<u>\$ 132,357</u>

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Financial information for Trust Fund and Gift Fund as of September 30, 2023, consists of:

(in thousands)	Trust Fund (Combined)	Gift Fund (Combined)	Total Funds from Dedicated Collections (Combined)	Eliminations between Dedicated Collection Funds	Total Funds from Dedicated Collections (Consolidated)
Balance Sheet					
Intragovernmental					
Fund Balance with Treasury	\$ 688	\$ 108	\$ 796	-	\$ 796
Investments, net	5,410	8,713	14,123	-	14,123
Accounts receivable, net	33	-	33	-	33
Total intragovernmental assets	<u>6,131</u>	<u>8,821</u>	<u>14,952</u>	-	<u>14,952</u>
Cash and other monetary assets	37	-	37	-	37
Accounts receivable, net	173	-	173	-	173
Inventory and related property, net	789	-	789	-	789
Investments, net	72,192	18,178	90,370	-	90,370
Total other than intragovernmental	<u>73,191</u>	<u>18,178</u>	<u>91,369</u>	-	<u>91,369</u>
Total assets	<u>\$ 79,322</u>	<u>\$ 26,999</u>	<u>\$ 106,321</u>	\$ -	<u>\$ 106,321</u>
Intragovernmental					
Accounts payable	\$ 23	\$ -	\$ 23	-	23
Other liabilities	45	-	45	-	45
Total intragovernmental liabilities	<u>\$ 68</u>	<u>\$ -</u>	<u>\$ 68</u>	\$ -	<u>\$ 68</u>
Other than intragovernmental:					
Accounts payable	456	98	554	-	554
Federal employee benefits payable	7	-	7	-	7
Other liabilities	391	-	391	-	391
Total other than intragovernmental	<u>854</u>	<u>98</u>	<u>952</u>	-	<u>952</u>
Total liabilities	<u>922</u>	<u>98</u>	<u>1,020</u>	-	<u>1,020</u>
Unexpended appropriations					
Cumulative results of operations	78,400	26,901	105,301	-	105,301
Total liabilities and net position	<u>\$ 79,322</u>	<u>\$ 26,999</u>	<u>\$ 106,321</u>	\$ -	<u>\$ 106,321</u>
Statement of Net Cost					
Gross program costs	\$ 26,336	\$ 928	\$ 27,264	-	27,264
Less: Earned revenues	34,478	-	34,478	-	34,478
Net program costs	<u>(8,142)</u>	<u>928</u>	<u>(7,214)</u>	-	<u>(7,214)</u>
Net cost of operations	<u>\$ (8,142)</u>	<u>\$ 928</u>	<u>\$ (7,214)</u>	\$ -	<u>\$ (7,214)</u>
Statement of Changes in Net Position					
Cumulative Results of Operations:					
Beginning balance	\$ 69,848	\$ 29,912	\$ 99,760	-	99,760
Beginning balance, as adjusted	69,848	29,912	99,760	-	99,760
Other than Intragovernmental non-exchange revenue:					
Accrued Interest	-	1,009	1,009	-	1,009
Intragovernmental Non-exchange revenue					
Donations and forfeitures of cash and property	-	(2,680)	(2,680)	-	(2,680)
Transfers in/out without reimbursement	(8)	(552)	(560)	-	(560)
Imputed Financing	418	-	418	-	418
Other	-	140	140	-	140
Net Cost of Operations	8,142	(928)	7,214	-	7,214
Net Change in Cumulative Results of Operations	<u>8,552</u>	<u>(3,011)</u>	<u>5,541</u>	-	<u>5,541</u>
Net Position end of period	<u>\$ 78,400</u>	<u>\$ 26,901</u>	<u>\$ 105,301</u>	\$ -	<u>\$ 105,301</u>

Note 15 – Statement of Budgetary Resources

A. Net Adjustment to Unobligated Balance, Brought Forward, October 1

(in thousands)	2024	2023
Unobligated balance, brought forward from prior year	\$ 196,790	\$ 190,960
Adjustments to budgetary resources made during the current year		
Downward adjustment of prior year undelivered orders	18,456	9,927
Downward adjustments of prior year delivered orders	3,983	964
Other Adjustments	(9,110)	(6,303)
	13,329	4,588
Unobligated balance from prior year budget authority, net (discretionary and mandatory)	\$ 210,119	\$ 195,548

B. Explanation of Differences between the SBR and the Budget of the US 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 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 2024 actual budgetary execution information has not yet been published. The *Budget of the United States Government* is scheduled for publication in February 2025. Accordingly, information required for such disclosure is not available at the time of preparation of these financial statements. The budget with the actual amounts for the current year will be available in early 2025 [President's Budget | The White House](#).

The table below shows NARA’s prior year actual SBR balances and the related President’s Budget for each major budget account in which a difference exists. The differences are primarily due to differences in reporting requirements 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.

(in thousands)	2023			
	Total Budgetary Resources	New Obligations & Upward Adjustments (Total)	Distributed Offsetting Receipts	Net Outlays
Combined Statement of Budgetary Resources	\$ 954	\$ 757	\$ 1	\$ 434
Difference-Expired appropriations	(15)	(3)	-	-
Difference-Rounding	-	(1)	-	1
Adjusted Combined Statement of Budgetary Resources	<u>\$ 939</u>	<u>\$ 753</u>	<u>\$ 1</u>	<u>\$ 435</u>
Budget of the U.S. Government	<u>\$ 939</u>	<u>\$ 753</u>	<u>\$ 1</u>	<u>\$ 435</u>

C. Undelivered Orders at the End of the Period

(in thousands)	2024		2023	
	Fed	NonFed	Fed	NonFed
Paid Undelivered Orders	\$ 12,527	\$ 825	\$ 4,175	\$ -
Unpaid Undelivered Orders	<u>5,257</u>	<u>162,949</u>	<u>5,856</u>	<u>147,105</u>
Total Undelivered Orders	<u>\$ 17,784</u>	<u>\$ 163,774</u>	<u>\$ 10,031</u>	<u>\$ 147,105</u>

Note 16 - Reconciliation of Net Cost to Net Outlays

The Reconciliation of Net Cost to Net Outlays explains the relationship between NARA's net outlays on a budgetary basis and the net cost of operations during the reporting period.

The reconciliation starts with the net cost of operations as reported on the Statement of Net Cost, followed by adjustments by components of net cost that are not part of net outlays. Common components include depreciation and gains and losses on disposition of assets and changes in assets and liabilities (e.g., accounts receivable, accounts payable, and salaries and benefits) not affecting budget outlays.

Components of budget outlays that are not part of net operating cost also adjust the net cost of operations include acquisition of capital assets, inventory and other assets.

Other reconciling differences, when applicable, include timing differences (e.g., prior period adjustments due to correction of errors).

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Reconciliation of Net Cost to Net Outlays for the year ended September 30, 2024

(in thousands)	Intra- governmental	Other than Intragovernmental	Total
Net Cost of Operations	\$ (1,665)	\$ 503,048	\$ 501,383
Components of Net Operating Cost Not Part of the Budgetary Outlays:			
General Property, plant, and equipment depreciation	-	(12,952)	(12,952)
Lessee Lease Amortization	-	(4,780)	(4,780)
Cost of Good Sold	-	(614)	(614)
Applied Overhead/Cost Capitaliation Offset	-	308	308
Gains/Loses on all other investments	-	(80)	(80)
(Increase)/decrease in assets:			
Accounts receivable	12,190	(103)	12,087
Securities and Investments	(2)	14,451	14,449
Advances and Prepayments	8,351	825	9,176
Other	-	22,365	22,365
(Increase)/decrease in liabilities:			
Accounts payable	(189)	(10,839)	(11,028)
Lessee Lease Liability	-	(18,059)	(18,059)
Environmental and disposal liabilities	-	(83)	(83)
Federal employee benefits payable	-	(1,890)	(1,890)
Pension, Other Post-Employments, and Veterans Benefits Payable	-	869	869
Advances from Others and Deferred Revenue	-	16	16
Other liabilities	(341)	1,464	1,123
Other financing sources:			
Imputed federal employee retirement benefit costs	-	-	-
Transfers out (in) without reimbursement	-	-	-
Other imputed finance	(37,859)	-	(37,859)
Total Components of Net Operating Cost Not Part of the Budget Outlays	(17,850)	(9,102)	(26,952)
Components of the Budget Outlays That Are Not Part of Net Operating Cost:			
Acquisition of capital assets	6,371	24,696	31,067
Applied Overhead/Cost Capitalization Offset	-	(308)	(308)
Acquisition of inventory	-	839	839
Acquisition of other assets	-	3,219	3,219
Donated Revenue	-	(8,359)	(8,359)
Total Components of the Budget Outlays That Are Not Part of Net Operating Cost	6,371	20,087	26,458
Net Outlays (Calculated Total)	\$ (13,144)	\$ 514,033	\$ 500,889
Miscellaneous			
Distributed offsetting receipts (4200)	-	(9,724)	(9,724)
Custodial/Non-exchange Revenue	(691)	(754)	(1,445)
Non-Entity Activity	-	-	-
Appropriated Receipts for Trust/Special Funds	93	9,720	9,813
	(598)	(758)	(1,356)
Net Outlays calculated	\$ (13,742)	\$ 513,275	\$ 499,533
Related Amounts on the Statement of Budgetary Resources			
Outlays, net (SBR 4190)			509,257
Distributed offsetting receipts (SBR 4200)			(9,724)
Outlays, Net (SBR 4210)			\$ 499,533
			\$ -

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Reconciliation of Net Cost to Net Outlays for the year ended September 30, 2023:

(in thousands)	Intra- governmental	Other than Intragovernmental	Total
Net Cost of Operations	\$ (24,000)	\$ 466,345	\$ 442,345
Components of Net Operating Cost Not Part of the Budgetary Outlays:			
Property, plant, and equipment depreciation	-	(26,632)	(26,632)
Unrealized valuation loss/(gain) on investments in GSE's	-	(579)	(579)
Gains/Loses on all other investments	-	(2,120)	(2,120)
(Increase)/decrease in assets:			
Accounts receivable	2,107	49	2,156
Securities and Investments	2	289	291
Advances and Prepayments	2,415	-	2,415
Other	-	(54)	(54)
(Increase)/ decrease in liabilities:			
Accounts payable	652	7,000	7,652
Federal employee benefits payable	-	2,099	2,099
Environmental and disposal liabilities	-	(209)	(209)
Advances from Others and Deferred Revenue	-	21	21
Other liabilities	5,026	(1,042)	3,984
Other financing sources:			
Other imputed finance	(30,453)	-	(30,453)
Total Components of Net Operating Cost Not Part of the Budget Outlays	<u>(20,251)</u>	<u>(21,178)</u>	<u>(41,429)</u>
Components of the Budget Outlays That Are Not Part of Net Operating Cost:			
Acquisition of capital assets	4,989	16,830	21,819
Acquisition of inventory	10	625	635
Acquisition of other assets	-	10,939	10,939
Total Components of the Budget Outlays That Are Not Part of Net Operating Cost	<u>4,999</u>	<u>28,394</u>	<u>33,393</u>
Net Outlays (Calculated Total)	<u>\$ (39,252)</u>	<u>\$ 473,561</u>	<u>\$ 434,309</u>
Miscellaneous			
Distributed offsetting receipts (4200)	-	1,175	1,175
Custodial/Non-exchange Revenue	(359)	(18)	(377)
Appropriated Receipts for Trust/Special Funds	383	-	383
	<u>24</u>	<u>1,157</u>	<u>1,181</u>
Net Outlays calculated	<u>\$ (39,228)</u>	<u>\$ 474,718</u>	<u>\$ 435,490</u>
Related Amounts on the Statement of Budgetary Resources			
Outlays, net (SBR 4190)			434,315
Distributed offsetting receipts (SBR 4200)			1,175
Outlays, Net (SBR 4210)			\$ 435,490
			\$ -

Note 18 – Public-Private Partnerships

NARA owns and maintains real property assets, including nine Presidential Libraries. Joint Operating Agreements (JOA's) between NARA and both private foundations and universities own six Presidential Libraries. The primary purpose of the agreements is to establish, maintain, operate, and protect the Presidential Libraries and Museums as the Presidential archival depositories relating to the Presidency of Lyndon B. Johnson, Richard M. Nixon, Ronald Reagan, George H.W. Bush, William J. Clinton, and George W. Bush in accordance with all applicable laws, regulations, rules, standards, and policies, including without limitation chapters 21, 22, and 23 of Title 44, U.S.C. The agreements provide that the parties may reimburse one another for covered outlays consistent with the operation and maintenance of the Presidential Library.

The agreements also outline the use of buildings, allocation of space, and the scope of responsibilities, such as repairs, maintenance, and utilities. In some cases, per 44 U.S.C. § 2112(g)(2), the Archivist has established in the National Archives Trust Fund ("Trust Fund") an endowment for the maintenance of the facility and equipment comprising the Library and Museum. The original agreements established endowments for the George H.W. Bush, William J. Clinton and George W. Bush Presidential Libraries. NARA and the George W. Bush Foundation reached a final agreement to officially transfer the Museum and the volunteer program to the Foundation on January 1, 2023. Therefore, a Congressional Return of funds to the George W. Bush Foundation for 46.39% of the original endowment was approved and processed in the amount of \$4,529,130.85.

Presidential Libraries	Established Endowments	Endowments as of 09/30/2024
George H.W. Bush	4,477,233	4,662,088
William J. Clinton	7,200,000	7,214,526
George W. Bush	9,763,162	3,874,787

Even though NARA has use of the buildings through public-private partnerships, NARA does not own them. All future capital expenditures for repair, maintenance, or replacement of the building(s) and other improvements are the sole responsibility of NARA.

The current year NARA financial statements do not recognize any amounts as a result of the agreement between the parties. There were no significant instances of non-compliance with provisions governing the partnership. All agreements outlined below were in effect at the close of the fiscal year.

Office	Agreement Date	End Date	Agreement
Johnson Library	8/10/1965	In perpetuity	Joint Operating Agreement (JOA) between U. of Texas and NARA, including amendments
Richard Nixon Library	7/10/2007	In perpetuity	Joint Use, Operating, and Transfer Agreement between the Richard Nixon Library and Birthplace Foundation and the National Archives and Records Administration regarding the Richard Nixon Presidential Library and Museum
Reagan Library	6/05/1991	In perpetuity	Joint Use, Operating and Management Agreement, The Ronald Reagan Presidential Libraries and the Center for Public Affairs
Bush Library	11/15/1997	In perpetuity	Joint Use Agreement between NARA, the Bush Presidential Library Foundation and the Board of Regents, Texas A&M University System
Clinton Library	11/18/2004	In perpetuity	Joint Use, Operating, and Transfer Agreement between the WJC Foundation and NARA regarding the WJC Library
G. W. Bush Library	4/24/2022, effective date 1/1/2023	In perpetuity	Joint Use, Operating, and Transfer Agreement between the GWB Foundation and NARA regarding the GWB Library

Required Supplementary Information

Deferred Maintenance and Repairs (DM&R)

NARA owns and maintains real property assets including the National Archives buildings at Washington, DC, College Park, MD, and Atlanta, GA, as well as the Presidential Libraries. All other NARA facilities are leased from GSA or the public. All NARA facilities support the agency’s mission to safeguard and preserve NARA’s heritage assets, the permanently valuable records in its custody.

NARA uses the condition assessment method to determine the condition of its fixed assets, including stewardship PP&E facilities. NARA contracts with professional architectural firms to conduct condition assessment surveys, called Building Condition Reports (BCR). BCRs assess the condition of multiple building systems within each facility, including the structure, roof, exterior and interior finishes, HVAC (heating, ventilation, and air conditioning), electrical, plumbing, conveyance, and program support equipment. NARA conducts BCRs for NARA-owned buildings on a regular schedule: each building is assessed approximately every five years. Facility managers regularly assess critical needs between BCRs.

Deferred maintenance and repairs required to bring fixed assets to an acceptable condition, which were not scheduled or performed when needed, are included in the deferred maintenance estimate below.

<u>Category</u>	FY 2024 Beginning Balance	FY 2024 Ending Balance
Heritage assets	\$106 million	\$180 million
General PP&E (Multi-use)	\$199 million	\$210 million

NARA maintains and preserves all fixed property, plant, and equipment (PP&E) regardless of recorded values. Estimates of deferred maintenance and repairs cover all PP&E, whether capitalized, fully depreciated, or non-capitalized. At the end of FY 2024, current BCR reports identified necessary maintenance projects for eighteen locations, including thirteen Presidential Libraries. The significant increase to deferred maintenance estimates in FY 2024 is the result of the latest BCRs for Atlanta Archives, National Archives in Washington, DC and the garage at National Archives College Park, MD.

Due to the scope, nature, and variety of the assets in addition to the nature of the deferred maintenance, exact estimates are difficult to determine. Current estimates include correcting deficiencies related to the safety or the protection of valuable

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materials, modifications to provide safety and public accessibility to the facility, and electrical upgrades to prevent the loss of critical data. The estimates generally exclude vehicles and other categories of operating equipment. Because the space where the records are preserved is critical to preventing deterioration of the records, NARA has implemented records storage standards to preserve the condition holdings in NARA's custody. The estimates also include the deferred costs to address deficiencies in compliance with storage standards.

Schedule of Budgetary Resources by Major Budget Accounts

For the fiscal year ended September 30, 2024

(in thousands)	Archives and Records Management Activities	Gift Fund	Trust Fund	NHPRC Grants	Archives Facilities and Presidential Libraries Repairs and Restorations	Records Center and Storage Services	Total
Budgetary Resources							
Unobligated balance brought forward, Oct 1	\$ 44,613	\$ 8,706	\$ 5,614	\$ 3,717	\$ 76,544	\$ 70,925	\$ 210,119
Appropriations (discretionary and mandatory)	433,170	10,430	-	48,414	25,500	-	517,514
Spending authority from offsetting collections	2,448	-	12,494	-	-	209,824	224,766
Total Budgetary Resources	\$ 480,231	\$ 19,136	\$ 18,108	\$ 52,131	\$ 102,044	\$ 280,749	\$ 952,399
STATUS OF BUDGETARY RESOURCES:							
New Obligations and Upward Adjustments (total)	\$ 448,210	\$ 5,186	\$ 13,425	\$ 44,603	\$ 30,124	\$ 249,655	\$ 791,203
Unobligated balance, end of year:							
Apportioned, Unexpired Accounts	21,075	13,943	-	6,954	71,881	24,940	138,793
Exempt from apportionment	-	-	4,683	-	-	-	4,683
Unapportioned	574	7	-	511	39	3,747	4,878
Unexpired unobligated balance, end of year	\$ 21,649	\$ 13,950	\$ 4,683	\$ 7,465	\$ 71,920	\$ 28,687	\$ 148,354
Expired unobligated balance, end of year	10,372	-	-	63	-	2,407	12,842
Unobligated balance, end of year (total)	32,021	13,950	4,683	7,528	71,920	31,094	161,196
Total Budgetary Resources	\$ 480,231	\$ 19,136	\$ 18,108	\$ 52,131	\$ 102,044	\$ 280,749	\$ 952,399
Outlays, net (discretionary and mandatory)	\$ 443,121	\$ 4,101	\$ (1,232)	\$ 13,488	\$ 22,374	\$ 27,405	\$ 509,257
Distributed offsetting receipts	-	(9,724)	-	-	-	-	(9,724)
Agency Outlays, net (discretionary and mandatory)	\$ 443,121	\$ (5,623)	\$ (1,232)	\$ 13,488	\$ 22,374	\$ 27,405	\$ 499,533

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Schedule of Budgetary Resources by Major Budget Accounts

For the fiscal year ended September 30, 2023

	Archives and Records Management		Trust Fund	NHPRC Grants	Archives Facilities and Presidential Libraries Repairs and Restorations		Records Center and Storage	Total
	Activities	Gift Fund			Services			
Budgetary Resources								
Unobligated balance brought forward, Oct 1	\$ 50,530	\$ 7,408	\$ 3,337	\$ 1,244	\$ 67,046	\$ 65,983	\$	195,548
Appropriations (discretionary and mandatory)	433,501	3,729	-	34,573	22,224	-		494,027
Spending authority from offsetting collections	1,462	-	19,075	-	-	244,103		264,640
Total Budgetary Resources	\$ 485,493	\$ 11,137	\$ 22,412	\$ 35,817	\$ 89,270	\$ 310,086	\$	954,215
STATUS OF BUDGETARY RESOURCES:								
Obligations Incurred	\$ 438,712	\$ 2,438	\$ 19,289	\$ 32,612	\$ 12,920	\$ 251,454	\$	757,425
Unobligated balance, end of year:								-
Apportioned	36,433	8,696	-	2,747	76,348	42,393		166,617
Exempt from apportionment			3,123					3,123
Unapportioned	1,553	3	-	395	2	13,830		15,783
Unexpired unobligated balance, end of year	\$ 37,986	\$ 8,699	\$ 3,123	\$ 3,142	\$ 76,350	\$ 56,223	\$	185,523
Expired unobligated balance, end of year	8,795	-	-	63	-	2,409		11,267
Unobligated balance, end of year (total)	46,781	8,699	3,123	3,205	76,350	58,632		196,790
Total Budgetary Resources	\$ 485,493	\$ 11,137	\$ 22,412	\$ 35,817	\$ 89,270	\$ 310,086	\$	954,215
Outlays, net (discretionary and mandatory)	\$ 407,215	\$ 2,619	\$ (473)	\$ 8,708	\$ 9,881	\$ 6,365	\$	434,315
Distributed offsetting receipts	-	1,175	-	-	-	-		1,175
Agency Outlays, net (discretionary and mandatory)	\$ 407,215	\$ 3,794	\$ (473)	\$ 8,708	\$ 9,881	\$ 6,365	\$	435,490

Land

NARA's land holdings are for operational purposes related to Archival Facilities including the National Archives in Washington, DC, National Archives at College Park, MD and the National Archives at Atlanta to protect and provide public access to millions of records and Presidential Libraries and Museum buildings which house papers, records, and other historical materials relating to all Presidents from Herbert Hoover on, their families, and their administrations. Not strictly libraries, these institutions combine museum exhibits and educational programs with original records open for research. NARA has one temporary land right lease with Potomac Electric Power Company for a parking lot adjacent to the National Archives building in College Park, MD (4 acres).

	Estimated Acreage by Predominant Use					Total Estimated Acreage
	Stewardship Land	PP&E Land	Commercial Use	Conservation & Preservation	Operational	
Start of Current Year	0	160	0	0	160	160
Held for Disposal or Exchange	0	0	0	0	0	0
End of Current Year	0	160	0	0	160	160

Independent Auditor's Report

This section provides the opinion from Sikich, LLC, who performed the independent audit of NARA's FY 2024 Financial Statements.

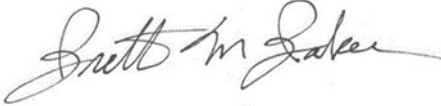
The report should be read in conjunction with NARA's financial statements and notes to fully understand the context of the following information.



Inspector General

November 14, 2024

TO: Dr. Colleen Shogan
Archivist of the United States

FROM: Dr. Brett M. Baker
Inspector General 

SUBJECT: *Audit of NARA's Fiscal Year 2024 Consolidated Financial Statements*
OIG Report No. 25-AUD-01

The Office of Inspector General (OIG) contracted with Sikich to conduct an independent audit on the financial statements of the National Archives and Records Administration (NARA) as of and for the fiscal year ended September 30, 2024. The report should be read in conjunction with NARA's financial statements and notes to fully understand the context of the information contained therein.

Sikich is responsible for the attached auditors report dated November 13, 2024 and the conclusions expressed in the report. The findings and conclusions presented in the report are the responsibility of Sikich. The OIG's responsibility is to provide adequate oversight of the contractor's work in accordance with Generally Accepted Government Auditing Standards.

Results of the Independent Audit

Sikich issued an unmodified opinion on NARA's fiscal year 2024 financial statements. Sikich found:

- NARA's financial statements as of and for the fiscal year ended September 30, 2024, are presented fairly, in all material respects, in accordance with accounting principles generally accepted in the United States of America;
- No material weaknesses in internal control over financial reporting based on the limited procedures performed;
- One significant deficiency in internal control over financial reporting as of September 30, 2024; and
- No reportable noncompliance for fiscal year 2024 with provisions of applicable laws, regulations, contracts, and grant agreements tested.

The report contains ten repeated and three new recommendations to improve NARA's internal controls over financial reporting related to longstanding control deficiency in information technology controls. Management concurred with all of the recommendations. Based on your November 12, 2024 response to the formal draft report, we consider all the recommendations open.

Please provide planned corrective actions and expected dates to complete the actions for each of the recommendations within 30 days of the date of this letter. As with all OIG products, we determine what information is publicly posted on our website from the attached report. Consistent with our responsibility under the *Inspector General Act, as amended*, we will provide copies of our report to congressional committees with oversight responsibility over NARA.

We appreciate the cooperation and assistance NARA extended to Sikich and my staff during the audit. Please contact me with any questions.

Attachment

cc: Merrily Harris, Executive Secretariat
William Bosanko, Deputy Archivist
Gary M. Stern, General Counsel
Jay Trainer, Acting Chief Operating Officer
Meghan Guthorn, Deputy Chief Operating Officer
Colleen Murphy, Acting Chief of Management and Administration, Chief Financial Officer, and Senior Accountable Official
Sheena Burrell, Chief Information Officer
Nicole Willis, Deputy Chief Information Officer
Kimm Richards, Accountability
Carol Seubert, Senior Auditor
Teresa Rogers, Senior Program Auditor
Eric Good, Senior Program Auditor
United States Senate Homeland Security and Governmental Affairs Committee
United States House of Representatives Committee on Oversight and Reform



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INDEPENDENT AUDITORS' REPORT

Inspector General
National Archives and Records Administration

Archivist of the United States
National Archives and Records Administration

In our audit of the fiscal year 2024 financial statements of the National Archives and Records Administration (NARA), we found:

- The financial statements as of and for the fiscal year ended September 30, 2024, are presented fairly, in all material respects, in accordance with accounting principles generally accepted in the United States of America;
- No material weaknesses in internal control over financial reporting based on the limited procedures we performed;
- One significant deficiency in internal control over financial reporting as of September 30, 2024; and
- No reportable noncompliance for fiscal year 2024 with provisions of applicable laws, regulations, contracts, and grant agreements that we tested.

The following sections contain:

1. Our report on NARA's financial statements, including an other-matter paragraph related to the prior-period financial statements having been audited by a predecessor auditor, required supplementary information (RSI), and other information included with the financial statements; and
2. Other reporting required by *Government Auditing Standards*, which is our report on NARA's (a) internal control over financial reporting and (b) compliance and other matters. This section also includes a summary of NARA's comments on our report.

REPORT ON THE AUDIT OF THE FINANCIAL STATEMENTS

Opinion

We have audited the consolidated financial statements of NARA, which comprise the consolidated balance sheet as of September 30, 2024, and the related consolidated statement of net cost, consolidated statement of changes in net position, and combined statement of budgetary resources for the fiscal year then ended, and the related notes to the financial statements (collectively, the basic financial statements).

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of NARA as of September 30, 2024, and its net cost of operations, changes in net position, and budgetary resources for the fiscal year then ended, in accordance with accounting principles generally accepted in the United States of America.



Basis for Opinion

We conducted our audit in accordance with auditing standards generally accepted in the United States of America (GAAS); standards applicable to financial statement audits contained in Generally Accepted Government Auditing Standards (GAGAS), issued by the Comptroller General of the United States; and guidance contained in Office of Management and Budget (OMB) Bulletin 24-02, *Audit Requirements for Federal Financial Statements*. Our responsibilities under those standards and OMB Bulletin 24-02 are further described in the Auditors' Responsibilities for the Audit of the Financial Statements subsection of our report. We are required to be independent of NARA and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Other Matters

NARA's financial statements as of and for the year ended September 30, 2023, were audited by CliftonLarsonAllen, whose Independent Auditors' Report thereon dated November 13, 2023, expressed an unmodified opinion on those financial statements. On January 1, 2024, we acquired the federal practice of CliftonLarsonAllen. We were not engaged to audit, review, or apply any procedures to NARA's fiscal year 2023 financial statements and, accordingly, we do not express an opinion or any other form of assurance on the fiscal year 2023 financial statements.

Responsibilities of Management for the Financial Statements

Management is responsible for (1) the preparation and fair presentation of the financial statements in accordance with U.S. generally accepted accounting principles; (2) the preparation, measurement, and presentation of the RSI in accordance with U.S. generally accepted accounting principles; (3) the preparation and presentation of other information included in NARA's Agency Financial Report, and ensuring the consistency of that information with the audited financial statements and the RSI; and (4) the design, implementation, and maintenance of effective internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditors' Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditors' report that includes our opinion. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with GAAS, GAGAS, and OMB guidance will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements, including omissions, are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgments made by a reasonable user based on the financial statements.

In performing an audit in accordance with GAAS, GAGAS, and OMB guidance, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements in order to obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of NARA's internal control over financial reporting. Accordingly, no such opinion is expressed.



- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Perform other procedures we consider necessary in the circumstances.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit, significant audit findings, and certain internal control-related matters that we identified during the audit.

Required Supplementary Information

Accounting principles generally accepted in the United States of America and OMB Circular No. A-136, *Financial Reporting Requirements*, require that the Management's Discussion and Analysis (MD&A) and other RSI be presented to supplement the basic financial statements. Such RSI is the responsibility of management and, although not a part of the basic financial statements, is required by the Federal Accounting Standards Advisory Board (FASAB) and OMB, who consider it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, and historical context. We have applied certain limited procedures to the RSI in accordance with auditing standards generally accepted in the United States of America. These procedures consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We did not audit, and we do not express an opinion or provide any assurance on the information because the limited procedures we applied do not provide us with sufficient evidence to express an opinion or provide any assurance.

Other Information

NARA's other information contains a wide range of information, some of which is not directly related to the financial statements. This information is presented for purposes of additional analysis and is not a required part of the financial statements or the RSI. Management is responsible for the other information included in NARA's Agency Financial Report. The other information comprises the *Summary of Financial Statement Audit and Management Assurances*, *OIG Report on Top Management Challenges Facing NARA*, *Payment Integrity Information Act Reporting*, and *Fraud Reduction Report* but does not include the financial statements and our auditor's report thereon. Our opinion on the financial statements does not cover the other information, and we do not express an opinion or any form of assurance thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information and consider whether a material inconsistency exists between the other information and the financial statements, or the other information otherwise appears to be materially misstated. If, based on the work performed, we conclude that an uncorrected material misstatement of the other information exists, we are required to describe it in our report.

OTHER REPORTING REQUIRED BY GOVERNMENT AUDITING STANDARDS

Report on Internal Control over Financial Reporting and on Compliance and Other Matters

Internal Control over Financial Reporting

In connection with our audit of NARA's financial statements, we considered NARA's internal control over financial reporting, consistent with our auditors' responsibilities discussed below.

Results of Our Consideration of Internal Control over Financial Reporting

Our consideration of internal control over financial reporting was for the limited purpose described below, and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies or to express an opinion on the effectiveness of NARA's internal control over financial reporting. Given these limitations, during our audit, we did not identify any deficiencies in internal control over financial reporting that we consider to be material weaknesses. However, material



weaknesses may exist that have not been identified. We identified certain deficiencies in internal control over financial reporting that we consider to be a significant deficiency, described below and in Appendix A.

Longstanding Control Deficiency in Information Technology (IT) Controls

NARA did not substantially address previously identified deficiencies in its IT general control categories of access controls, configuration management, and incident response. These unresolved control deficiencies impact the effectiveness of NARA's IT security program and internal controls over financial reporting.

A deficiency in internal control exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, misstatements on a timely basis. A material weakness is a deficiency, or combination of deficiencies, in internal control over financial reporting, such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and corrected, on a timely basis. A significant deficiency is a deficiency, or a combination of deficiencies, in internal control over financial reporting that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

During our fiscal year 2024 audit, we identified deficiencies in NARA's internal control over financial reporting that we do not consider to be material weaknesses or significant deficiencies. Nonetheless, these deficiencies warrant NARA management's attention. We have communicated these matters to NARA management and, where appropriate, will report on them separately.

Basis for Results of Our Consideration of Internal Control over Financial Reporting

We performed our procedures related to NARA's internal control over financial reporting in accordance with GAGAS.

Responsibilities of Management for Internal Control over Financial Reporting

NARA management is responsible for designing, implementing, and maintaining effective internal control over financial reporting relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditors' Responsibilities for Internal Control over Financial Reporting

In planning and performing our audit of NARA's financial statements as of and for the fiscal year ended September 30, 2024, in accordance with GAGAS, we considered NARA's internal control relevant to the financial statement audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of NARA's internal control over financial reporting. Accordingly, we do not express an opinion on NARA's internal control over financial reporting. We are required to report all deficiencies that are considered to be significant deficiencies or material weaknesses. We did not consider all internal controls relevant to operating objectives, such as those controls relevant to preparing performance information and ensuring efficient operations.

Definition and Inherent Limitations of Internal Control over Financial Reporting

An entity's internal control over financial reporting is a process effected by those charged with governance, management, and other personnel, the objectives of which are to provide reasonable assurance that (1) transactions are properly recorded, processed, and summarized to permit the preparation of financial statements in accordance with U.S. generally accepted accounting principles, and assets are safeguarded against loss from unauthorized acquisition, use, or disposition, and (2) transactions are executed in accordance with provisions of applicable laws, including those governing the use of budget authority, regulations, contracts, and grant agreements, noncompliance with which could have a material effect on the financial statements.

Because of its inherent limitations, internal control over financial reporting may not prevent, or detect and correct, misstatements due to fraud or error.



Intended Purpose of Report on Internal Control over Financial Reporting

The purpose of this report is solely to describe the scope of our consideration of NARA's internal control over financial reporting and the results of our procedures, and not to provide an opinion on the effectiveness of NARA's internal control over financial reporting. This report is an integral part of an audit performed in accordance with GAGAS in considering internal control over financial reporting. Accordingly, this report on internal control over financial reporting is not suitable for any other purpose.

Compliance and Other Matters

In connection with our audit of NARA's financial statements, we tested compliance with selected provisions of applicable laws, regulations, contracts, and grant agreements consistent with our auditors' responsibilities discussed below.

Results of Our Tests for Compliance with Laws, Regulations, Contracts, and Grant Agreements

Our tests for compliance with selected provisions of applicable laws, regulations, contracts, and grant agreements disclosed no instances of noncompliance or other matters for fiscal year 2024 that would be reportable under GAGAS. However, the objective of our tests was not to provide an opinion on compliance with laws, regulations, contracts, and grant agreements applicable to NARA. Accordingly, we do not express such an opinion.

Basis for Results of Our Tests for Compliance with Laws, Regulations, Contracts, and Grant Agreements

We performed our tests of compliance in accordance with GAGAS. Our responsibilities under those standards are further described in the Auditor's Responsibilities for Tests of Compliance subsection below.

Responsibilities of Management for Compliance with Laws, Regulations, Contracts, and Grant Agreements

NARA management is responsible for complying with laws, regulations, contracts, and grant agreements applicable to NARA.

Auditors' Responsibilities for Tests of Compliance with Laws, Regulations, Contracts, and Grant Agreements

Our responsibility is to test compliance with selected provisions of applicable laws, regulations, contracts, and grant agreements that have a direct effect on the determination of material amounts and disclosures in NARA's financial statements, and to perform certain other limited procedures. Accordingly, we did not test compliance with all laws, regulations, contracts, and grant agreements applicable to NARA. We caution that noncompliance may occur and not be detected by these tests.

Intended Purpose of Report on Compliance with Laws, Regulations, Contracts, and Grant Agreements

The purpose of this report is solely to describe the scope of our testing of compliance with selected provisions of applicable laws, regulations, contracts, and grant agreements, and the results of that testing, and not to provide an opinion on compliance. This report is an integral part of an audit performed in accordance with GAGAS in considering compliance. Accordingly, this report on compliance with laws, regulations, contracts, and grant agreements is not suitable for any other purpose.

NARA's Comments

NARA's comments on this report are included in Appendix B. NARA concurred with the findings in our report.

Sikich CPA LLC

Alexandria, VA
November 13, 2024



APPENDIX A Significant Deficiency

Longstanding Control Deficiency in Information Technology Controls (Modified Repeat Finding)

NARA relies extensively on information technology (IT) systems to accomplish its mission and to prepare its financial statements. Internal controls over these financial and supporting operations are essential to ensure the confidentiality, integrity, and availability of critical data while reducing the risk of errors, fraud, and other illegal acts. NARA staff use IT system controls to initiate and authorize financial transactions at user workstations, which transmit those transactions across the network to servers that record, process, summarize, and report financial transactions in support of the financial statements.

NARA did not substantially address previously identified deficiencies in its IT general control categories of access controls, configuration management, and incident response. These unresolved control deficiencies impact the effectiveness of NARA's IT security program and internal controls over financial reporting. Below, we have summarized our key findings by general control category:

Access Controls – We identified weaknesses related to privileged user access permissions and weak password configurations. This occurred because NARA is not reviewing service account passwords to determine if each service account used a unique password. Furthermore, NARA is not reviewing domain user accounts to determine if weak passwords were being used. This increases the risk of compromise by an attacker to upload malware, steal sensitive data, add or delete users, change system configurations, and alter logs to conceal his or her actions.

In addition, we found prior year weaknesses related to timely disabling of user accounts, multi factor user authentication, and identity and access management policy or strategy, remained unresolved. These weaknesses occurred because NARA is still a) developing an electronic form with automated checks and notifications to ensure new hire training is completed within the initial time frame given to new users, with user accounts disabled if not completed, b) implementing a process requiring multifactor authentication using personal identity verification for all privileged users, servers and applications, and c) further refining a draft identity and access management implementation plan. Additional access controls should be established to ensure user accounts are more effectively managed.

Configuration Management – We noted that NARA has not resolved prior year weaknesses related to the detection, remediation, and monitoring of high and critical risk vulnerabilities for software patches and updates, nor has it resolved system configuration weaknesses on NARA systems that have been publicly known since 2023 or earlier. In addition, we found prior year unresolved weaknesses related to migration of applications to vendor supported operating systems. These IT control deficiencies occurred as a result of an ineffective patch and vulnerability management program, as well as inadequate oversight by NARA management. Absent an effectively implemented and enforced configuration management program that addresses significant security weaknesses, there is an increased risk that individuals may inadvertently or deliberately disclose, manipulate, or misappropriate financial information.

Incident Response – NARA's implementation and maturity of event log management did not meet logging requirements in accordance with Office of Management and Budget (OMB) Memorandum M-21-31, *Improving the Federal Government's Investigative and Remediation Capabilities Related to Cybersecurity Incidents*. NARA management indicated they are making progress to leverage service offerings from the Department of Justice for a Security Information and Event Management (SIEM) logging solution to capture security related log events to move NARA towards meeting the requirements. Therefore, NARA indicated it is in the process of trying to acquire funding to continue this service and expand its SIEM solution to consume more logs moving forward.

Cyberattacks underscore the importance of increased government visibility, before, during and after a cybersecurity incident. Information from logs on Federal information systems (for both on-premises

APPENDIX A Significant Deficiency

systems and connections hosted by third parties) is invaluable in detecting, investigating, and remediating cyber threats. By not achieving the required maturity levels, NARA is not meeting logging requirements of the highest criticality. Event logging capabilities are therefore not effective.

We based our testing on the following key criteria:

National Institute of Standards and Technology (NIST) Special Publication 800-53, Revision 5, *Security and Privacy Controls for Information Systems and Organizations* (includes updates as of December 10, 2020):

- AC-6 Least Privilege, Privileged Accounts - Control Enhancement 5:
Restrict privileged accounts on the system to [Assignment: organization-defined personnel or roles].
- IA-5 Authenticator Management, Password Based Authentication- Control Enhancement 1:
 - a. Maintain a list of commonly-used, expected, or compromised passwords and update the list [Assignment: organization-defined frequency] and when organizational passwords are suspected to have been compromised directly or indirectly;
 - b. Verify, when users create or update passwords, that the passwords are not found on the list of commonly-used, expected, or compromised passwords in IA-5(1)(a);
- SI-2 Flaw Remediation
 - a. Identify, report, and correct system flaws;
 - b. Test software and firmware updates related to flaw remediation for effectiveness and potential side effects before installation;
 - c. Install security-relevant software and firmware updates within [Assignment: organization – defined time period] of the release of the updates; and
 - d. Incorporate flaw remediation into the organizational configuration management process.
- SA-22 Unsupported System Components
 - a. Replaces system components when support for the components is no longer available from the developer, vendor, or manufacturer;
- CM-6 Configuration Settings
 - a. Establish, document configuration settings for components employed within the system that reflects the most restrictive mode consistent with operational requirements using [Assignment: organization-defined common secure configurations];
 - b. Implement the configuration settings;
 - c. Identify, document, and approve any deviations from established configuration settings for [Assignment: organization-defined system components] based on [Assignment: organization-defined operational requirements]; and
 - d. Monitor and control changes to the configuration settings in accordance with organizational policies and procedures.

OMB Memorandum A-130, Appendix I, *Responsibilities for Protecting and Managing Federal Information Resources*:

- Establishes minimum requirements for Federal Information Programs and assigned federal agency responsibilities for the security of information and information systems. The Circular specifically prohibits agencies from the use of unsupported information systems and system components and requires agencies to ensure that systems and components that cannot be appropriately protected or secured are given high priority for upgrade or replacement. In

APPENDIX A Significant Deficiency

addition, the Circular requires agencies to implement and maintain current updates and patches for all software and firmware components of information systems. Additionally, the Circular requires system security plans to be consistent with guidance issued by NIST.

OMB M-21-31, *Improving the Federal Government's Investigative and Remediation Capabilities Related to Cybersecurity Incidents*, establishes:

A maturity model to guide the implementation of requirements across event log tiers designed to help agencies prioritize their efforts and resources to achieve full compliance with requirements for implementation, log categories, and centralized access. OMB M-21-31 further requires that agencies forward all required event logs, in near real-time and on an automated basis, to centralized systems responsible for security information and event management.

The identified weaknesses could be potentially exploited, intentionally or unintentionally, to undermine the integrity and completeness of data processed by NARA's financial management systems, including its feeder systems.

Recommendations:

We recommend that the NARA Chief Information Officer continue to analyze and prioritize remediation efforts to accomplish security and control objectives. Key tasks should include, but are not limited to the following ten repeat and three new recommendations:

1. Implement a process to ensure accounts with access to the Domain Administrators group are appropriately assigned based on job responsibilities. If determined that an account can be configured with more restrictive access, then implement a process to revoke the Domain Administrator group membership and apply the most restrictive access. (New Recommendation)
2. Develop and implement policies and procedures for network user accounts to:
 - a. Create unique passwords for each service account;
 - b. Maintain a list of commonly used, expected, or compromised passwords;
 - c. Update the list on an organization defined timeframe and when organizational passwords are suspected to have been compromised directly or indirectly;
 - d. Verify (such as through regular password audits or system configurations), when users create or update passwords, the passwords are not found on the list of commonly used, expected, or compromised passwords. (New Recommendation)
3. Ensure NARANet user accounts are reviewed and disabled in accordance with NARA's information technology policies and requirements. (Prior Recommendation)
4. Coordinate with other departments as necessary to implement an authoritative data source which provides the current status of NARA contractors and volunteers at the enterprise level. (Prior Recommendation)
5. Enforce mandatory Personal Identity Verification (PIV) card authentication for all NARANet users, in accordance with OMB requirements. (Prior Recommendation)
6. Continue and complete efforts to require PIV authentication for all privileged users, servers, and applications, through NARA's identity and access management project and other efforts. (Prior Recommendation)

APPENDIX A

Significant Deficiency

7. Ensure a comprehensive identity, credential, and access management (ICAM) policy or strategy, which includes the establishment of related standard operating procedures, identification of stakeholders, communicating relevant goals, task assignments, and measure and reporting progress is developed and implemented. (Prior Recommendation)
8. Document and implement a process to track and remediate persistent configuration vulnerabilities, or document acceptance of the associated risks. (Prior Recommendation)
9. Implement remediation efforts to address security deficiencies on affected systems identified, to include enhancing its patch and vulnerability management program as appropriate, or document acceptance of the associated risks. (Prior Recommendation)
10. Fully complete the migration of applications to vendor supported operating systems. (Prior Recommendation)
11. Ensure the Information System Security Officers are reviewing system configuration compliance scans monthly as required within NARA's *Configuration Compliance Standard Operating Procedure*. (Prior Recommendation)
12. Enhance current procedures to ensure that new NARA users who do not complete their initial security awareness training, have their accounts automatically disabled in accordance with timeframes promulgated within the Privacy and Awareness Handbook. (Prior Recommendation)
13. Implement requirements across all event logging maturity tiers to ensure events are logged and tracked in accordance with OMB M-21-31. (New Recommendation)

APPENDIX B NARA's Comments



Archivist of the
United States

Date: November 12, 2024
To: Dr. Brett M. Baker
Inspector General
From: Dr. Colleen J. Shogan
Archivist of the United States
Subject: Management Response to the FY2024 Financial Statement Audit

Thank you for the opportunity to review your *Independent Auditor's Report* on the financial statement audit of the National Archives and Records Administration for the fiscal year ending September 30, 2024.

I am pleased to have received an unmodified or "clean" independent audit opinion on our financial statements. An unmodified opinion recognizes NARA's commitment to producing accurate and reliable financial statements and supports our efforts to continuously improve our financial management program.

NARA acknowledges the Information Technology challenges identified in this report and concurs with the recommendations of the independent auditor. I appreciate the work performed by the auditor in this area and will ensure the auditor's findings and recommendations are incorporated into NARA's action plan.

I would like to thank the Office of Inspector General and Sikich CPA LLC for their cooperative and professional approach in the conduct of this audit.



DR. COLLEEN J. SHOGAN
Archivist of the United States



OIG Hotline

The OIG Hotline provides a confidential channel for reporting fraud, waste, abuse, and mismanagement to the OIG. In addition to receiving telephone calls at a toll-free Hotline number, we also maintain an online referral form. Walk-ins are always welcome.

Visit www.naraoig.oversight.gov for more information, or contact us:

By telephone

Washington, DC, Metro area: 301- 837-3500

Toll-free: 800-786-2551

By facsimile

301-837-3197

By online complaint form

<https://naraoig.oversight.gov/online-complaint-form>

Contractor Self-Reporting Hotline

As required by the Federal Acquisition Regulation, a web-based form allows NARA contractors to notify the OIG, in writing, whenever the contractor has credible evidence a principal, employee, agent, or subcontractor of the contractor has committed a violation of the civil False Claims Act or a violation of federal criminal law involving fraud, conflict of interest, bribery, or gratuity violations in connection with the award, performance, or closeout of a contract or any related subcontract. The form can be accessed through the OIG's home page or found directly at <https://naraoig.oversight.gov/oig-contractor-reporting-form>.

OTHER INFORMATION

This section provides additional information regarding NARA's financial and program management. It includes the Inspector General's Top Management Challenges.

The Summary of Financial Statement Audit and Management Assurances lists each material weakness and non-conformance found or resolved.

Lastly, this section reports the agency's compliance with the Payment Integrity Information Act of 2019, and NARA's Fraud Reduction Report.

Inspector General's Top Management Challenges



NATIONAL ARCHIVES OFFICE of INSPECTOR GENERAL

Top Management Challenges

The following summarizes NARA's most significant management and performance challenges based on legislative mandates, our experience, stakeholder input, and observations from our oversight work.

1. Information Technology (IT) Security

In FY 2024, NARA downgraded controls over IT security to a significant deficiency. Over the past decade annual Federal Information Security Modernization Act (FISMA) audits or assessments have consistently identified IT areas in need of significant improvement.

2. Electronic Records Archives (ERA)

ERA has become a "system of systems," and the original ERA Base System was not capable of meeting the nation's needs. Thus, NARA is developing ERA 2.0, with an estimated lifecycle cost of at least \$94 million. However, until ERA 2.0's functionality is built and put into full production, the current ERA's longstanding deficiencies may continue to impact NARA. Further, the vast volumes of electronic records that need to be preserved are significant, and NARA is challenged to meet data storage requirements for them. NARA's in-house data storage is reaching capacity, impacting the agency's digitization efforts and other IT programs. Without sufficient storage, NARA would have difficulty accepting, storing, and processing electronic records or making them available to the public.

3. Transition to Electronic Records

NARA must work with Federal agencies to ensure proper appraisal, scheduling, and transfer of permanent records in all formats. To a large extent, NARA also ensures that proper records are, in fact, preserved government-wide and sent to NARA in the first place. However, the major challenge is how best to accomplish this in a rapidly changing technological environment. Further, it is not currently known what amount, or exact formats, of data and electronic records will be coming to NARA. Thus, it is unknown whether the systems in place will be able to ingest, process, preserve, store, and provide access to this information.

4. Expanding Public Access to Records

Ten percent of NARA's analog holdings (by series) have not been processed, so the public does not have efficient and effective access to them. To meet its mission, NARA must work to ensure it has the processes and resources necessary to establish intellectual control over this backlog of unprocessed records. In addition, the transition of federal record-keeping to a fully electronic environment will present additional challenges to making records accessible to the public.

5. Human Capital Management

NARA began identifying human capital practices as a material weakness in FY 2018 as the result of OIG Audit No. 18-AUD-09, which found numerous internal control issues within NARA's Office of Human Capital. In FY 2023, NARA removed Human Capital as a material weakness. NARA continues to collaborate with its shared service provider to ensure human resource data is correct for all current and former employees.

Summary of Financial Statement Audit and Management Assurances

Summary of the Financial Statement Audit:

Audit Opinion	Unqualified				
Restatement	No				
	Beginning Balance	New	Resolved	Consolidated	Ending Balance
Total Material Weaknesses	0	0	0	0	0

Summary of Management Assurances:

Effectiveness of Internal Control over Financial Reporting (FMFIA S2):

Statement of Assurance	Unqualified					
	Beginning Balance	New	Resolved	Consolidated	Reassessed	Ending Balance
Total Material Weaknesses	0	0	0	0	0	0

Effectiveness of Internal control over Operations (FMFIA S2):

Statement of Assurance	Modified					
	Beginning Balance	New	Resolved	Consolidated	Reassessed	Ending Balance
IT Security	1	0	1	0	0	0
Human Capital	0	0	0	0	0	0
Total Material Weaknesses	1	0	1	0	0	0

Conformance with Financial Management System Requirements (FMFIA S4):

Statement of Assurance	Unqualified					
	Beginning Balance	New	Resolved	Consolidated	Reassessed	Ending Balance
Total Material Weaknesses	0	0	0	0	0	0

Payment Integrity Information Act Reporting Details

NARA complies with the Payment Integrity Information Act of 2019 (Pub. L. No. 116-117, 31 U.S.C., 3352 and 3357), the Office of Management and Budget (OMB) Memorandum M-21-19, dated March 5, 2021, OMB Circular A-123, Appendix C, Requirements for Payment Integrity Improvement, and OMB Circular A-136, dated May 30, 2024, section II.4.5, Payment Integrity Information Act Reporting.

To ensure compliance, NARA performs the following:

- Reviews all programs and activities annually and determines if the statutory threshold for significant improper payments is met;
- Conducts risk assessments every 3 years for all programs and activities;
- Conducts payment recovery audit cost benefit analysis when necessary. NARA has determined that payment recovery audits are not cost effective for the Agency. Per OMB, NARA only needs to conduct an analysis and notify OMB and OIG when there has been a significant change in program activity or improper payments.

In FY 2024, NARA reviewed their program outlays and improper payment amounts for the following programs: Administrative Overhead, Office of the Presidential Libraries (which includes data from the Public Museum Engagement and Legislative Archives due to a midyear reorganization), Research Services, Agency Services, Repairs and Restoration, National Historical Publications and Records Commission (NHPRC) Grants, and Office of Inspector General to determine whether they were susceptible to significant improper payments. NARA did not meet the statutory thresholds for significant improper payments and all of NARA's programs were determined to be low risk.

NARA reported FY 2024 improper payment data to OMB per their annual payment integrity data call which publishes data on the following website: <https://paymentaccuracy.gov/>. NARA's improper payments for FY 2024 totaled \$216,778.59.

I. Actions Taken to Address Auditor Recovery Recommendations

Given NARA's historically low improper payments and low risk programs, it was determined that payment recapture audits are not cost effective. Therefore, NARA did not receive any auditor recovery recommendations in FY 2024.

Fraud Reduction Report

NARA's fraud reduction efforts are consistent with guidance contained in P.L. 114-186, the Fraud Reduction and Data Analytics Act of 2015 (FRDAA), and OMB A-123 Management's Responsibility for Enterprise Risk Management and Internal Control. NARA established these controls before the promulgation of the FRDAA.

NARA management conducts fraud-related risk assessments with respect to the areas identified in section II.5.6 of the Fraud Reduction and Data Analytics Act. In addition, NARA's OIG performs audits of these and other agency activities that are the most likely targets of fraud.

NARA also identifies and manages risks associated with fraud through its internal controls program. Areas of focus include acquisitions, grants, accounting policy and operations, payroll, travel cards, and purchase cards. NARA's internal controls program includes an annual assessment of risks for programs and functions susceptible to fraud.

Specific agency-wide controls include system enforced segregation of duties; training for purchase and travel card holders; automated workflow and approval for purchasing activities; system enforced three-way match on invoice payments; reviews of grants over \$150,000; and multiple reviews for unauthorized purchases, overdue accounts, and accounting irregularities. NARA management assesses these and other fraud-related controls through regular control monitoring and testing.

In addition to NARA in-house internal controls, NARA's financial management shared service provider enforces fraud-related controls that NARA leverages through its close working relationships. This process allows for multiple reviews for high-risk activities and increased checks and balances.



NATIONAL ARCHIVES

This Agency Financial Report is available at www.archives.gov/about/plans-reports/, as well as Performance and Accountability Reports for previous years, the NARA Strategic Plan, and Annual Performance Plans and Performance Budgets.

Links to other web pages of interest, such as research tools, information on the Presidential Libraries, and public documents published by Office of Federal Register may be found at www.archives.gov.

To comment on this report, please e-mail performance@nara.gov.