



PRESERVING THE PAST TO PROTECT THE FUTURE

National Archives and Records Administration
2012 Performance and Accountability Report



Preserving the Past to Protect the Future

SUMMARY

2012 Performance and Accountability Report
NATIONAL ARCHIVES AND RECORDS ADMINISTRATION

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A Message from the Archivist of the United States



I am pleased to present the National Archives and Records Administration's Performance and Accountability Report for FY 2012. This report is one of the many ways we demonstrate our commitment to openness and transparency about NARA's operations – by sharing the results of our progress towards the goals in our Strategic Plan and informing you of how we used our resources during Fiscal Year 2012.

Congress established the National Archives in 1934 to centralize Federal record keeping, with the Archivist of the United States as its chief administrator. NARA is more than just the nation's record keeper and protector of collection of records. We are the stewards of America's story. The work we do every day is rooted in the belief that citizens have the right to see, examine, and learn from the records that guarantee citizens' rights and hold the Government accountable for its actions. The records and artifacts we protect and provide access to are the keys to unlock our nation's history. These records, representing only 2 to 3 percent of all those created by Federal departments and agencies, include billions of records both in traditional and electronic formats in 44 locations across the country. Each month, more of our holdings are available online.

We are nearly halfway through our five-year internal transformation process. Part reorganization, part modernization, and part determination to succeed, this staff-driven effort is helping us increase efficiency and effectiveness for our customers. Throughout we continued to make good progress on important programs and worked diligently to resolve weaknesses. Six transformation goals (described in more detail on page 4) provide us a lens through which to view our strategic goals, fostering new, creative ways to approach our work. These are exciting times for the agency as we work to ensure that NARA's mission of preserving and providing access to Federal Government records created in past centuries remains relevant in the 21st century.

You will find more information about our work throughout this report. Highlighting our accomplishments during the past year, we:

- Released the 1940 Federal Census records in digital format, and brought them online for public access. The 1940 Census is made up of 3.8 million images, scanned from over 4,000 rolls of microfilm. Our website allows free access to the 1940 Census images, in addition to 1940 Census maps and descriptions. Working with external partners, we are using the power of crowdsourcing to create a name index of the Census and its more than 100 million names.
- Released a Records Management Directive to the heads of Executive Departments and Agencies. This directive carries out the requirements set out in the November 2011, Presidential Memorandum--Managing Government Records, marking the beginning of an Executive Branch-wide effort to reform records management policies and practices and to develop a 21st-century framework for the management of Government records.

- Launched the Citizen Archivist Dashboard, a portal for public participation in crowd-sourcing activities. The public can contribute tags, transcriptions, images, and collaborate on articles that help make records more accessible.
- Received honors for FederalRegister.gov's innovation and best practices in Government. The Administrative Conference of the United States (ACUS) recognized both NARA and the US Government Printing Office with the first-ever Walter Gellhorn Innovation Award, and praised FederalRegister.gov for "demonstrating efficiency, enhancing customer service, increasing transparency, and streamlining the regulatory process." The ACUS recognizes innovation and best practices by Government agencies.
- Launched an internal collaboration network (ICN) for NARA staff. ICN is a cross-departmental tool for collaboration and knowledge sharing. The ICN helps NARA staff reach our transformation goals by sharing best practices, communicating across offices, and creating a searchable knowledge base.

We also made strides in ensuring that our resources are well managed with the proper oversight. I can provide reasonable assurance that the performance data in this report is reliable and complete. I am also able to provide a qualified statement of assurance that, with the exception of four material weaknesses—holdings protection, information technology security, inventory control over artifacts in the Presidential Libraries, and archival records preservation—NARA's internal controls are achieving their intended objectives, as defined by OMB Circular A-123. This assessment is based on results of audits and evaluations conducted by the Government Accountability Office (GAO), NARA's Office of Inspector General (OIG), management control evaluations, and other written evaluations conducted in each of NARA's offices and staff organizations. It is also based on executive leaders and managers' knowledge of the daily operations of NARA programs and systems. Finally, I have also relied upon the advice of our Inspector General concerning this statement of assurance.

To address our material weaknesses, NARA staff created and will implement individual action plans. Additional details on these action plans, as well as progress made during FY 2012, are found in our Federal Managers' Financial Integrity Act (FMFIA) report located in the appendix of the full report.

NARA looks forward to reporting further progress to the Nation and our partners as we strive to effectively achieve our mission and work to ensure that the citizens of our country are free to inspect, use, and learn from the records of the Government. Over the next several years, as NARA staff continue work to transform the agency to better serve the citizens, we hope to further engage you in the conversation.



David S. Ferriero
Archivist of the United States

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The National Archives at Philadelphia has developed a partnership with Temple University's secondary social studies certification program to provide a field service certification to pre-service teachers through a National History Day Philadelphia collaboration. This project is the first of its kind in the nation. It serves as a model of innovation in enabling pre-service teachers as they enter the classroom.

MANAGEMENT'S DISCUSSION AND ANALYSIS

Introduction

This Performance and Accountability Report represents the culmination of the National Archives and Records Administration's (NARA) program and financial management processes, which began with strategic and program planning, continued through the formulation and justification of NARA's budget to the President and Congress and through budget execution, and ended with this report on our program performance and use of the resources entrusted to us. This report was prepared pursuant to the requirements of the Chief Financial Officers Act, in accordance with the Reports Consolidation Act of 2000 and mandated by the Accountability of Tax Dollars Act of 2002, and covers activities from October 1, 2011, through September 30, 2012.

How to Use This Report

This summary reports provides an overview of NARA's full report, which is available at <http://www.archives.gov/about/plans-reports>. The full report has four major sections:

- **Management's Discussion and Analysis** (*in full and summary reports*)
Look here for the highlights of our agency-wide performance and use of resources in FY 2012. You also will find information on the strategies we use to achieve our goals and the management challenges and external factors that affected our performance.
- **Performance Section** (*in full report only*)
Look here for details on our performance by strategic goal and long-range performance targets in FY 2012. This section covers our targets, how and why we met or did not meet them, and explanations of how we assess our performance and ensure the reliability of our data. Information about evaluations of NARA programs and NARA's evaluation of Federal agency compliance with Federal Records Management policy is also included. In assessing our progress, we are comparing actual results against targets and goals set in our annual performance plan, which we developed to help us carry out our Strategic Plan. Our complete set of strategic planning and performance reports is available on our web site at <http://www.archives.gov/about/plans-reports/>.
- **Financial Section** (*in full report only*)
Look here for our FY 2012 audited consolidated financial statements and notes, required supplementary information (*in full report only*), and the reports from our independent financial auditor and our Inspector General (*in full and summary reports*).
- **Other Accompanying Information** (*in full report only*)
Look here for our Inspector General's assessment of our agency's management challenges and our Financial Manager's Financial Integrity Act (FMFIA) report.

About NARA

The National Archives and Records Administration is our nation's record keeper. An independent agency created by statute in 1934, NARA safeguards the records of all three branches of the Federal Government. Our job is to ensure continuing access to essential documentation and, in doing so, we serve a broad spectrum of American society. Genealogists and family historians; veterans and their authorized representatives; academics, scholars, historians, business and occupational researchers; publication and broadcast journalists; Congress, the Courts, the White House, and other public officials; Federal Government agencies and the individuals they serve; state and local government personnel; professional organizations and their members; students and teachers; and the general public – all seek answers from the records we preserve.

Our Vision

As the nation's record keeper, it is our vision that all Americans will understand the vital role records play in a democracy, and their own personal stake in the National Archives. Our holdings and diverse programs will be available to more people than ever before through modern technology and dynamic partnerships. The stories of our nation and our people are told in the records and artifacts cared for in NARA facilities around the country. We want all Americans to be inspired to explore the records of their country.

Our Mission

The National Archives and Records Administration serves American democracy by safeguarding and preserving the records of our Government, ensuring that the people can discover, use, and learn from this documentary heritage. We ensure continuing access to the essential documentation of the rights of American citizens and the actions of their government. We support democracy, promote civic education, and facilitate historical understanding of our national experience.

Our Strategic Goals

NARA's strategic goals are set forth in our 10-year Strategic Plan, updated in September 2009, and covering the period FY 2010 through FY 2016. This plan acknowledges recent achievements, assesses new challenges facing us, and commits us to measure our value to the taxpayer by setting aggressive outcome-oriented performance targets.

Our six strategic goals are:

- 1: As the nation's record keeper, we will ensure the continuity and effective operation of Federal programs by expanding our leadership and services in managing the Government's records.



- 2: We will preserve and process records to ensure access by the public as soon as legally possible.
- 3: We will address the challenges of electronic records in Government to ensure success in fulfilling NARA's mission in the digital era.
- 4: We will provide prompt, easy, and secure access to our holdings anywhere, anytime.
- 5: We will increase access to our records in ways that further civic literacy in America through our museum, public outreach, education, and grants programs.
- 6: We will equip NARA to meet the changing needs of our customers.



This year, NARA staff produced a video about Lee-Payne's 1963 photo, featuring Lee-Payne and photographer Rowland Scherman. The 3 minute video is available on NARA's YouTube channel at <http://tiny.cc/MLKmarch>.

It began with a picture identified as a "young child in March on Washington," snapped by an anonymous photographer at the March on August 28, 1963. This photograph was filed away with the hundreds taken that day. In 1980, NARA staff put the little girl's photo in a guide to the still picture collection. We didn't know her name, and she didn't know about the picture. Fast forward to 2009 when a woman saw the now iconic picture on a Black History calendar and recognized her cousin, Edith Lee-Payne. Lee-Payne searched for the original photo, starting with the Smithsonian, then moved to the Library of Congress where she found a copy that was credited to NARA. Rutha Beamon was on phone duty in NARA's Still Pictures Division when Lee-Payne called. Beamon found the photo as well as two others with Lee-Payne's mother and aunt in the background.

"It is very humbling and gratifying to have been captured in photos viewed and used around the globe," Lee-Payne wrote in an email. "At that moment, the photographer captured my indescribable and unbelievable feelings as I listened and felt and saw, simultaneously, despair and hope on the faces of people around me, including my mother."

NARA's Transformation

To meet the President's call to reorganize government to give the people "a government that's more competent and more efficient," we are working to reinvent ourselves to meet the demands of the digital age. NARA is in the middle of a major transformation, begun in FY 2011, which will take several years to complete. Part of that transformation included a restructuring of the organization to better serve the American people and the Government, with an emphasis on living the principles of Open Government – transparency, participation, and collaboration. To effect these changes, we needed to clarify our values as an organization:

- We are a diverse staff unified by our strong commitment to protect records, help people use them, and support an open and responsive government.
- We want to do our personal best and make our agency the world's best archives.
- We believe in:
 - **An open, inclusive work environment** – built upon respect, communications, integrity, and collaborative team work.
 - **Encouraging creativity and investing in innovation** – to build our future
 - **Pursuit of excellence through continuous learning** – becoming smarter all the time about what we know and what we do in service to others.



We commit to these values as the path to achieving NARA's six Transformational outcomes. These six transformations must be achieved in the next several years to meet the challenges of the future, improve performance and management, and better serve the American people.

- *One NARA* – We will work as one NARA, not just as component parts.
- *Out in Front* – We will embrace the primacy of electronic information in all facets of our work and position NARA to lead accordingly.
- *An Agency of Leaders* – We will foster a culture of leadership, not just as a position but as the way we all conduct our work.
- *A Great Place to Work.* – We will transform NARA into a great place to work through trust and empowerment of all of our people, the agency's most vital resource.
- *A Customer-Focused Organization.* – We will create structures and processes to allow our staff to more effectively meet the needs of our customers.
- *An Open NARA.* – We will open our organizational boundaries to learn from others.

Our Organizational Structure

We carry out our mission through a national network of archives and records services facilities stretching from Washington, DC, to the West Coast, including Presidential Libraries documenting administrations back to Herbert Hoover. Additionally, we publish the *Federal Register*, administer the Information Security Oversight Office (ISOO) and the Office of Government Information Services (OGIS), and make grants for historical documentation

through the National Historical Publications and Records Commission (NHPRC). We preserve and make available, in response to hundreds of thousands of requests, the records on which the entitlements of citizens, the credibility of Government, and the accuracy of history depend. More and more people are using our services and gaining access to our records through the Internet, whether by requesting copies of records through *Archives.gov*, commenting on regulations at the Government-wide site *Regulations.gov*, searching online databases of records and information, interacting with us through a growing suite of social media sites, or engaging in a host of other activities through *Archives.gov*. We continue to encourage this trend, by innovating how and where we reach our customers and fully embracing open government through a wide range of initiatives.

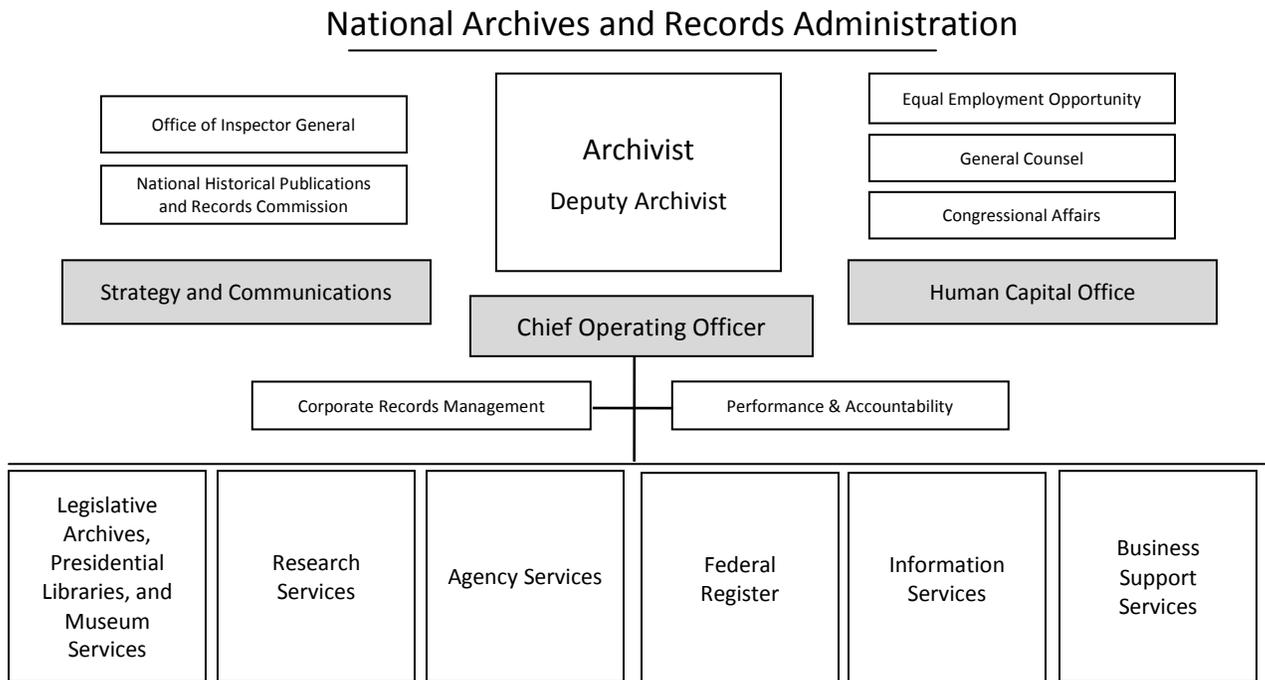


Figure 1. NARA's Organization Chart (as of September 30, 2012)

The Reagan Library is taking “going green” and fire safety to a new level: they are using 900 goats. “Last year, the Ventura County Fire Department broached the idea with us,” said Reagan Library Director Blackwood. “We’ve partnered with them for more than 10 years with brush clearance. I don’t know how exactly, but the fire department was approached by these people with goats, and they thought they’d give it a try.”

Both staff and public responded positively to the use of goats to clear brush. “The public just loves it,” Blackwood said. “I mean, it’s a fascinating thing to watch. There are big goats and small goats, and they make funny noises and munch, munch, munch all day long. It’s just amazing.”



Goats clear brush on the grounds of the Reagan Presidential Library in Simi Valley, CA.

Annual brush clearing is an important part of fire abatement because the Library is located in a fire-prone area. The Library took on 400 goats last year to clear 13 acres of brush around the property. This year, 900 goats covered 40 acres. A portable fence was placed to move the goats around and keep them safe. A sheep herder also lived on the property for the entire time to watch over the goats.

The goat program is organized and paid for by the fire department, so no special clearance is required to have the goats on property. Our other partner in this experience is the California State and Wildlife Commission to ensure that having the goats on site does not disrupt the habitat of other species.

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Personnel on Board*

All funds as of September 30, 2012	Washington, DC, Area			Other NARA Locations			Nationwide Total		
	Full– Time Perm	Other	Total	Full– Time Perm	Other	Total	Full– Time Perm	Other	Total
Presidential Libraries	29	1	30	380	84	464	409	85	494
Legislative Archives, Presidential Materials, & Public Programs	92	12	104	13	0	13	105	12	117
Research Services	571	118	689	146	48	194	717	166	883
Agency Services	349	28	377	927	420	1,347	1,276	448	1,724
Electronic Records Archives	53	2	55	0	0	0	53	2	55
Federal Register	81	0	81	1	0	1	82	0	82
Office of Inspector General	29	0	29	0	0	0	29	0	29
Total	1,204	161	1,365	1,467	552	2,019	2,671	713	3,384

* Admin Staff distributed across Program Offices



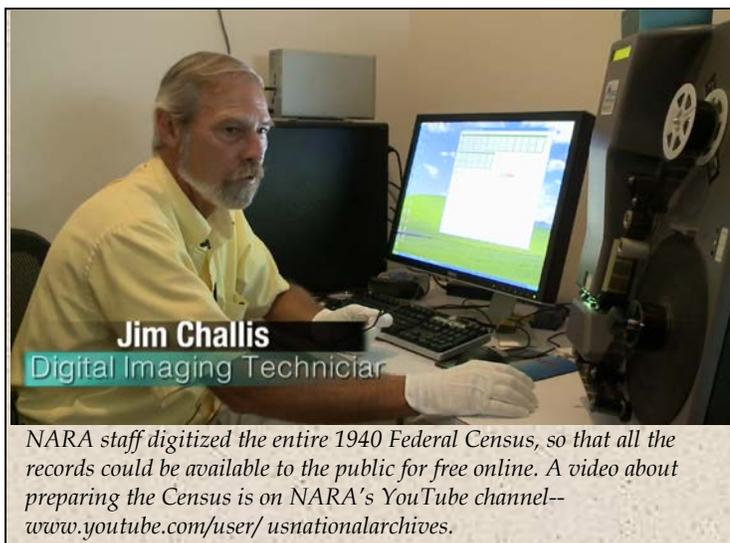
Michael Pupa stands next to his photograph in the National Archive's "Attachments" exhibit in Washington, DC. The photograph was attached to his file when he entered the United States as a displaced person and Holocaust orphan. Until the curator and press officer at the National Archives contacted him, his family had no idea of the story of his childhood.

An Overview of the Challenges Facing NARA

When the National Archives began in 1934, the challenge was finding the records of our nation and bringing them together in one place. It did not take long for sheer volume to become a huge challenge for the Archives. In the 20th century, one of our biggest challenges was finding ways to preserve records when information technology changes so rapidly, resulting in format and technological obsolescence. Today, progress in information technology and changing expectations of the public are driving the National Archives to look beyond records and electronic files to become purveyors of information, which is readily available regardless of format or technological platform.

Thomas Jefferson said, "Information is the currency of democracy." Jefferson's timeless observation can be heard in the President's commitment to openness and transparency, both to increase Government's accountability to the people and to stimulate economic growth in information industries. Both outcomes are guiding principles for the Archives. To keep democracy healthy and vibrant, we believe strongly that information must be circulated and made available so it can be put to use by as many people as possible.

We see ourselves at a critical juncture – a transformational opportunity, if you will. We believe NARA's role has never been more important. At a time when citizens and politicians are divided about the direction of our country, NARA's commitment to a culture of openness and an informed citizenry is at the heart of what we do. We grapple with the challenges of preserving and providing access to a collection that translates into 12 billion sheets of paper, 42 million photographs, miles of video and film, and more than 500 Terabytes of electronic records. At the same time, we strive to bring that content to where the citizens are most likely to discover and use it.



Two years ago, NARA began a process of transformation that is resulting in an organization better aligned to serve our customers. The new organization brought together like services across the country for the first time in a new configuration that has reduced redundancy, is more efficient, and is designed to improve the user experience.

As we better understand our customers' needs through new perspectives afforded us by a realigned organization, we increasingly seek opportunities to communicate more efficiently and effectively with the public – to learn from our customers – to help us more effectively deliver information when and where they need it, and through their communications channel of choice. Government agencies also depend on NARA's records management leadership to

help them more effectively carry out their missions and to ensure that permanently valuable agency records are identified and transferred to NARA's legal custody and protection.

As the volume and complexity of Government data continues to grow and the electronic formats in which records are created continue to proliferate, the challenges we face to achieve our core goals increase. Below are our most pressing challenges:

- The Federal Government is producing increasing volumes of “big data,” and there is a growing demand for it from the public, in educational and research institutions, and in the commercial sector. “Big data,” by definition, refers to data sets whose size is beyond the ability of typical software tools to capture, store, manage, and analyze. The National Archives has been pushed to the forefront of this issue, as Federal agencies expect us to store and preserve their “big data” sets, and the public expects us to quickly deliver that data in accessible formats, for their immediate use and re-use.
- We must identify and address the deficiencies that compromise effective records management across the Federal Government. Because our mission includes ensuring continuing access to the essential documentation of the rights of American citizens and the actions of their government, the new technological environment in which NARA operates places us squarely at the center of intergovernmental electronic records challenges. We face new kinds of records management issues raised by this continued growth and dependence on an electronic Government. To fulfill our leadership role in the electronic records environment, and in collaboration with the Administration through a Presidential Memorandum for Managing Government Records (November 28, 2011) and a Records Management Directive (August 24, 2012), NARA is playing an essential part in building a framework for Federal records management in the 21st century.
- We acknowledge the continuing need for vigilance in protecting our holdings, balancing the need for access to the holdings with the need to secure them. As the variety of media we protect changes, we must constantly adapt our understanding of how to best secure information, protect the integrity of the content, and ensure that any restrictions on use are properly honored so that the records may be used promptly and easily now and in the future.
- We must tackle storage and space issues that challenge us in housing and preserving historically valuable records transferred to our custody. The preservation challenges that are a fact of life in an archival institution also are growing more complex, so we face new facility and technological challenges in preserving paper, electronic, special media, and artifacts.
- While we strive to put more of our holdings online, we need to rapidly accelerate our innovation activities and culture, supporting innovation in public access delivery, and demonstrating leadership in the archival and information access field. The demand is great, as evidenced by the 100 million hits the online 1940 Census drew in two days in April. Creating an information technology infrastructure that can support our vision, and boldly and smartly moving some projects to the cloud as we did with the 1940 Census are among the solutions to this challenge.

- As we lead the National Declassification Center, we must work with other equity agencies to streamline the review and declassification of records more than 25 years old under Executive Order 13526 and ensure that declassified records are released to the public as soon as possible. We must meet the 2013 deadline to address referrals and quality assurance problems to permit public access to the more than 360 million pages of archival holdings previously subject to automatic declassification.

Some challenges are easily overcome and an organization can move on to the next one. Others require longer term solutions, or will remain through the life of the organization. In an appendix in the full version of this report, NARA's Inspector General has identified ten challenges that reflect many of the themes identified by NARA management.

Performance Highlights

Using the National Archives and Records Administration in FY 2012

Every day, thousands of people use NARA's records and services in multiple ways. Among these people are educators and their students at all levels, a history-minded public, veterans and their families, family historians, the media, the archival community, Federal employees and the Congress, and a broad spectrum of professional associations and researchers in fields that include political science, law, history, library and information services, and genealogy. The following table displays some of the ways our users interacted with NARA in FY 2012.

	Researcher Visits	Written Requests	Public Program Attendees	Exhibit/Museum Visitors	Online Visits
Federal Register	—	319	257	—	246,347,581*
Legislative Archives	—	741	—	—	—
National Personnel Records Center	—	973,607	—	—	—
Nationwide Records Mgmt Training	—	—	4,187	—	—
National Archives at Anchorage	582	388	246	0	—
National Archives at Atlanta	3,781	2,177	15,674	18,118	—
National Archives at Boston	4,367	2,233	3,701	2,829	—
National Archives at Chicago	2,077	3,388	859	1,659	—
National Archives at College Park	47,867	22,505	770	0	—
National Archives at Denver	2,029	401	1,264	0	—
National Archives at Fort Worth	4,296	2,390	33,304	0	—
National Archives at Kansas City	2,736	3,743	7,819	10,341	—
National Archives at New York	3,976	3,647	8,912	0	—
National Archives at Philadelphia	3,048	1,056	7,843	781	—
National Archives at Riverside	2,216	3,353	6,488	0	—
National Archives at St. Louis	2,723	44,696	2,430	1,309	—
National Archives at San Bruno	3,256	2,220	866	1,140	—
National Archives at Seattle	2,286	1,203	2,060	124	—
National Archives Building (DC)	26,920	7,038	**45,282	1,083,278	—
Totals	112,160	1,075,105	141,962	1,119,579	—

Presidential Libraries

Hoover	415	946	36,215	44,549	321,409
Roosevelt	1,244	2,090	20,457	84,360	370,105
Truman	716	2,363	44,357	63,579	2,482,610
Eisenhower	1,335	2,711	35,044	202,938	716,333
Kennedy	1,224	5,150	40,817	208,313	3,019,353
Johnson	1,532	3,073	15,464	87,411	1,467,152
Nixon	1,217	1,175	4,143	92,590	1,365,168
Ford	658	1,125	22,912	299,189	1,254,300
Carter	727	734	20,189	51,746	768,409
Reagan	798	369	40,380	380,570	1,746,648
Bush 41	687	1,294	124,286	116,770	717,095
Clinton	82	1,320	186,804	312,396	805,903
Bush 43	—	702	325	0	912,345
Presidential Library Other***	—	133	—	—	5,104
Presidential Libraries Total	10,635	23,185	591,393	1,944,411	15,951,934
<i>Archives.gov</i>	—	—	—	—	25,895,021
<i>Our Documents.gov</i>	—	—	—	—	2,280,657
GRAND TOTAL	122,795	1,098,290	733,335	3,063,990	44,127,612

* Measurement methodology for counting *Online Visits* for *Federal Register* documents differs from other *Online Visits* counts. *Federal Register* *Online Visits* are not included in table totals.

** *Public Programs Attendees* for the National Archives Building in Washington, DC, includes all Washington, DC, area programs.

*** *Presidential Library Other* covers general requests to the Office of Presidential Libraries and Presidential Materials Staff, and visits to Clinton websites hosted centrally.

Performance Overview

We break down our strategic goals into long-range performance objectives and set annual targets and goals in our Annual Performance Plan each year. The following chart provides a synopsis of our FY 2012 performance. Highlights of some of this year’s major accomplishments under each strategic goal follow the chart.

Snapshot of 2012 Performance

Strategic Goal 1: Managing the Government’s Records

Results: We met 1 out of 2 performance measures (1.1 and 1.2 data not yet available)

<i>Goal 1: As the nation’s record keeper, we will ensure the continuity and effective operations of Federal programs by expanding our leadership and services in managing the Government’s records.</i>							
1.1: By 2016, 50 percent of agencies achieve passing scores for compliance with Federal records management policy. 1.2: By 2016, 90 percent of customers are highly satisfied with NARA records management services. 1.3: By 2016, records management transactions serviced by the Federal Records Centers Program grow by 6 percent. 1.4: Within 30 days of the end of an administration, 100 percent of Presidential and Vice Presidential materials have been moved to NARA locations or NARA-approved facilities.							
Performance Indicator	2007 Actual	2008 Actual	2009 Actual	2010 Actual	2011 Actual	2012 Target	2012 Actual
Percent of agencies achieving a passing score for compliance with Federal records management policy	–	–	22	6	10	10	TBD
Percent of Federal agency customers that are highly satisfied with NARA records management services	81	–	81	–	–	90	TBD
Percentage point growth in records management transactions in the Federal Records Centers	–	–	–	2.3	1.6	1	1.1
High Priority Measure: Percent of requests for military personnel records answered in 10 working days or less (target 85 percent by 2012)	59	72	70	70	77	85	73

In November 2011, President Obama issued a memorandum to heads of executive departments in the Federal government, announcing an effort to reform Federal records management policies and practices. The memorandum sent a clear message to Federal agencies about the importance of managing electronic records and their critical responsibilities. The President reiterated in the memo that “proper records management is the backbone of open government,” and reminded agencies that the records they transfer to the National Archives provides “the prism through which future generations will understand and learn from our actions and decisions.” He also noted that “modernized records management will also help executive departments and agencies (agencies) minimize costs and operate more efficiently.”

Agencies were required by the memorandum to name a senior agency official to supervise an agency-wide evaluation of its records management programs. Those evaluations have taken place throughout FY 2012. Agencies have indicated to us that they are using the results of NARA's annual Records Management Self-Assessment to inform their program improvement planning.

We continued our program for annual agency self-assessments of Federal records management programs, targeted inspections by NARA staff, and reporting standards for making public our findings. We conducted our fourth annual self-assessment in FY 2012 and are analyzing the data for release later this year. The 2011 report *Records Management Self-Assessment 2011: An Assessment of Records Management Programs in the Federal Government* can be found at <http://www.archives.gov/records-mgmt/pdf/rm-self-assessment.pdf>. The results of each year's assessment are used to identify key areas to target for inspection.

The 2011 survey indicated that a large majority of Federal agencies that responded remain at high to moderate risk of compromising the integrity, authenticity, and reliability of their records. They risk improper management and disposition of records or, in some cases, they are saving their records but not taking the necessary steps to ensure that they can be retrieved, read, or interpreted.

However, this report also revealed positive trends. There was a slight increase in the number of agencies that scored in the Low Risk category. In addition, a number of agencies have in place or are working on guidance for managing records in social media and web 2.0 platforms as well as cloud computing environments. Federal

During a research trip to the National Archives in Seattle recently historian Jennifer Stevens solved a mystery that had long puzzled her — when she was younger she wondered why there are horizontal lines across the Boise Foothills. She knew they were too uniform to be natural, but no one she asked knew about them. Later Jennifer, now principal with Stevens Historical Research Associates, was hired to write the history of the Foothills. She discovered the lines were contour trenches created by the Bureau of Land Management (BLM) in 1959 in response to flooding and a major mud slide. While Jennifer was doing other research this year at the National Archives in Seattle she stumbled across an entire box of BLM records about the trenching project. The records include photos of bulldozers cutting into the hillsides. She reported it was a 'good find that day in the archives.' The records also document a time before significant public and environmental monitoring of major Federal projects.

Appendix - Report of Accomplishments, Boise Front Watershed Restoration Project



Above - Aerial view down Picket Pin Creek looking West toward the city of Boise. Gullies and sediment in the stream channel resulted from August, 1959 fire and rainstorm.

Below - Same view as above, after land treatment measures were completed.



Boise Front Watershed Restoration Project, BLM

agencies recognize the need for performance metrics for their records management programs, and several agencies have established sophisticated metrics that can serve as a model for others. Also, agencies are increasingly transferring their permanent electronic records to NARA using the Electronic Records Archives, NARA's strategic initiative to preserve and provide long-term access to the electronic records of the Federal Government.

Timely responses to requests from our customers are important to NARA. Our National Personnel Records Center (NPRC) responds to more than one million written requests each year from former members of the military services, various Federal, state, and local government agencies, historians, genealogists, researchers and other requesters. Improved response time for requests for military personnel records is an agency high priority goal for NARA. Despite our best efforts, we failed to achieve our target of 85 percent of military personnel records responded to within 10 working days. Instead, we responded to 73 percent within 10 working days. A continuing challenge is reconstructing service records from World War II and Korean War records that were lost or damaged in a 1973 fire in St. Louis. We rebuild these records from other sources upon request, but it is a time-intensive effort, often taking months to reconstruct a single record. If we look at only our responsiveness to military separation requests (DD-214s), we answered 92 percent in 10 working days or less.



Soldiers from the 5th Aviation Battalion at Fort Polk, LA, flew in for a surprise day trip to visit the George H.W. Bush Presidential Library and Museum at Texas A&M University. About 55 soldiers aboard 15 helicopters made the 90 minute flight from the Joint Readiness Training Center in Louisiana.

Strategic Goal 2: Preserve and Process the Nation's Records

Results: We met 5 out of 7 performance measures.

Goal 2: We will preserve and process records to ensure access by the public as soon as legally possible

- 2.1: By 2016, 85 percent of scheduled transfers of archival records are received at the scheduled time.
- 2.2: By 2016, 95 percent of archival holdings have been processed to the point where researchers can have efficient access to them.
- 2.3: By 2016, 90 percent of agency declassification programs earn high scores from ISOO.
- 2.4: By 2016, NARA archival holdings of 25-years-old or older records are declassified, exempted, or referred under the provisions of Executive Order 13526.
- 2.5: By 2016, 100 percent of archival holdings are stored in appropriate space.
- 2.6: By 2014, 100 percent of NARA records center holdings are stored in appropriate space.
- 2.7: By 2016, less than 50 percent of archival holdings require preservation action.

National Archives and Records Administration
Performance and Accountability Report, FY 2012

Performance Indicator	2007 Actual	2008 Actual	2009 Actual	2010 Actual	2011 Actual	2012 Target	2012 Actual
Percent of transfers of targeted archival records received at the scheduled time (electronic only for FY 2012)	—	40	21	27	20	30	37
Percent of archival holdings that have been processed to the point where researchers can have efficient access to them	21	30	41	47	53	60	60
Percent of agency declassification reviews that receive high scores as assessed by ISOO	—	36	53	67	81	90	94
Number of pages completing quality assurance for declassification processing (in millions) since January 1, 2010	—	—	—	—	108	251	202
Annual number Presidential pages scanned (in thousands)	512	519	545	531	831	500	79
High Priority Measure: Percent of NARA archival holdings in appropriate space (target 85 percent by 2012)	80	73	70	71	78	85	94
High Priority Measure: Percent of NARA records center holdings in appropriate space (target 85 percent by 2012)	—	—	—	62	67	85	80
Percent of archival holdings that require preservation action	65	65	65	64	62	≤ 65	61

Our commitment to ensuring access to the records of our nation depends heavily on getting the records transferred from agencies to NARA on schedule. Without the proper identification, schedule, disposition, and transfer of these important records to the National Archives, the Federal Government is vulnerable to losing these records. NARA works closely with agencies to get more of their high value records transferred on schedule, or even ahead of schedule, as in the case of some electronic records. We set a target to bring in 30 percent of selected electronic records on schedule; we received 37 percent on schedule. We expect to see further improvement in bringing in targeted electronic records as more agencies adopt use of our Electronic Records Archives (ERA) system, which is mandatory for agencies beginning in FY 2013.



Diligent volunteers working on the Civil War Widow's Certificate digitization process closed in on 100,000 files. These volunteers come in on Mondays to the National Archives Building in Washington, DC. A video detailing the project of digitizing these records can be viewed on NARA's YouTube channel (<http://www.youtube.com/user/usnationalarchives>)

We continue to aggressively address our backlog of unprocessed records. Archival processing involves a series of steps that establish physical and intellectual control of records and culminates in describing records in our online catalog, making them easier and faster to locate for research. Although the percent of processed records has improved from 30 percent in FY 2008 to 60 percent in FY 2012, the processing backlog of textual and audiovisual records has grown over the decades. During the year, we studied and analyzed our processing workflow, looking for new ways to improve efficiencies. The processing of Presidential records differs from processing Federal records because of requirements in the *Deeds of Gift*, the *Presidential Recordings and Materials Preservation Act*, and the *Presidential Records Act*. These legal authorities require NARA to conduct a page-by-page review of Presidential records, which has a significant impact on the volume of records that NARA releases to the public. To this end, we continue to make steady but slow progress in the processing of our backlog of Presidential records.

Since the issuance of Executive Order 13526, which directed NARA to establish and lead a National Declassification Center (NDC), we have been working diligently to promote collaboration among agencies to expedite the review and declassification of 25-year old and older classified records. We have improved our metrics and data analysis and continue to hone our January 1, 2010, backlog from an initially estimated 400 million pages to about 367 million pages. We performed end-to-end tracking on the new backlog, with more than 200 million pages completing the quality assurance process since January 1, 2010. Our biggest challenge continues to be our work with agency partners and the Department of Energy to address the page-level review mandated for all documents lacking Kyl-Lott certification for the identification of Restricted Data/Formerly Restricted Data. The lack of proper documentation affects nearly half of the remaining backlog. We continue to identify collaborative approaches to address this problem.

NARA has an inventory of 16 NARA-owned buildings – the National Archives Building, the National Archives at College Park, 13 Presidential Libraries and Museums, and the National



For the past several years, the Jimmy Carter Presidential Library, in Atlanta, Georgia, has partnered with the U.S. Citizenship and Immigration Service to hold a naturalization ceremony near the Fourth of July. This year, 64 citizenship candidates and their families were welcomed by museum curator Sylvia Naguib, who is herself a naturalized citizen. The candidates then watched a video of congratulations from President Obama, were led in the Oath of Allegiance, and waved flags to the song God Bless the USA, after which Sylvia and immigration officials gave the candidates their certificates as new American Citizens.



Archives at Atlanta. We identified appropriate storage of archival and non-archival holdings as two of NARA’s high priority performance goals. Appropriate storage space is the most fundamental component in achieving our mission to safeguard and preserve the records of the Federal Government.

The renovation of the aging Franklin D. Roosevelt Library will provide environmentally appropriate, safe, and secure space for the long-term care of archival and artifact collections. The renovation also improves conditions for the staff, researchers, and visitors and helps to increase productivity and satisfaction of the facility as a place for work and research. The first phase of this project, including work to the exterior of the building and renovations to the historic stacks and research room, was completed. Site design for the second phase, which includes upgrades to exhibit areas and artifact storage spaces, was completed, and work is expected to conclude in FY 2013 in time for a new public exhibit opening.

The National Archives at New York began its move to a new location in lower Manhattan at the Alexander Hamilton U.S. Custom House, 1 Bowling Green. The new facility includes a Welcome Center that introduces visitors to the Archives and features an original document display; a Reference Room with 24 public access computers; a Research Room; and a dedicated Learning Center to facilitate expanded educational outreach and new public programming initiatives. In addition, a temporary exhibit, "The World's Port: Through Documents of the National Archives" opened in the Rotunda of the Custom House on September 26th.

NARA’s mission is rooted in preserving and providing access to the permanent records of the Federal Government – now, and in the future. About 61 percent of NARA’s textual and non-textual records need some type of preservation action, ranging from conservation to re-folding or reboxing. We regularly examine our holdings to assess their preservation needs, provide storage conditions that retard deterioration, and treat, duplicate, or reformat records that need immediate action. As noted earlier, storing records in appropriate space is the most fundamental step we can take to preserve records. In FY 2012, we treated about 102,000 cubic feet of holdings needing preservation action.

Strategic Goal 3: Managing Electronic Records

Results: We met 2 out of 2 performance measures (1 measure under development).

<i>Goal 3: We will address the challenges of electronic records in Government to ensure success in fulfilling NARA's mission in the digital era.</i>							
3.1: By 2016, 95 percent of archival electronic holdings have been processed to the point where researchers can have efficient access to them.							
3.2: By 2016, 80 percent of archival electronic records are preserved according to plan.							
3.3: By 2016, the per-megabyte cost of managing archival electronic records through Electronic Records Archives (ERA) continues to decrease each year.							
Performance Indicator	2007 Actual	2008 Actual	2009 Actual	2010 Actual	2011 Actual	2012 Target	2012 Actual
Percent of archival electronic accessions processed	81	86	88	88	83	85	87
Per megabyte cost of managing electronic records decreases each year	\$0.37	\$0.39	\$0.36	\$0.15	\$0.12	<\$0.12	\$0.03

We must guarantee the continuing accessibility of permanent electronic records of all three branches of our Government despite the fact that the volume, variety, and complexity of records coming to the National Archives is increasing. The goal of our Electronic Records Archives (ERA) is to address this changing environment. We understand that the public expects government information and services to be available online and delivered through their channel of choice. To meet these expectations, our holdings must be preserved, available, and accessible by the public online.

The growth in electronic records continues to accelerate at a dizzying pace. We see large increases in our electronic holdings at the end of Presidential Administrations. In FY 2012, we accessioned the 2010 Census, tripling the volume of holdings we manage. Although the 2010 Census records will not be released for 72 years, we must ensure that these records are available and accessible at that time, regardless of the software and hardware used to create and store those records today.

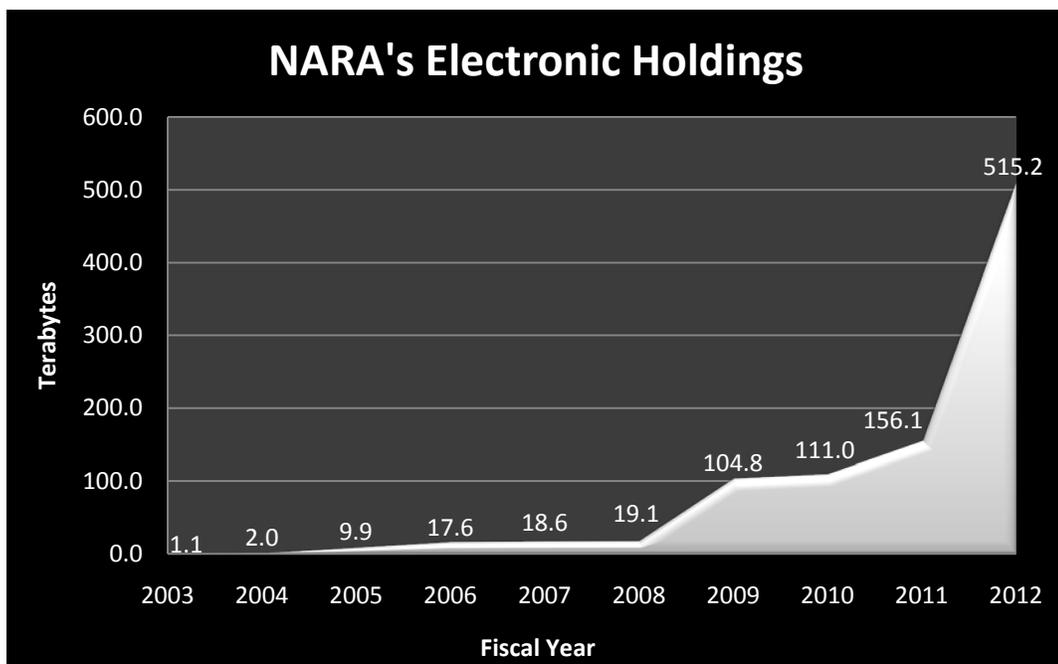


Figure 2. Total Electronic Holdings Managed by NARA

Our Electronic Records Archives (ERA) system, now in an operations and maintenance phase, became mandatory for Federal agency use in scheduling records and transferring permanent records to NARA on October 1, 2012. Throughout FY 2012, we briefed, trained, and surveyed our Federal agency customers to prepare for mandatory use, and will continue these types of support to help agencies become more adept at using the system. We are using customer feedback to improve the user experience.

Strategic Goal 4: Providing Access to Records

Results: We met 7 out of 9 performance measures

Goal 4: We will provide prompt, easy, and secure access to our holdings anywhere, anytime.							
4.1: By 2016, NARA customer service standards for researchers are met or exceeded (4 measures).							
4.2: By 2016, 1.4 percent of archival holdings are available online (1 measure).							
4.3: By 2016, 95 percent of archival holdings are described in an online catalog (3 measures).							
4.4: By 2012, our web sites score at or above the benchmark for excellence as defined for Federal Government web sites (1 measure).							
Performance Indicator	2007 Actual	2008 Actual	2009 Actual	2010 Actual	2011 Actual	2012 Target	2012 Actual
Percent of written requests answered within 10 working days.	95	94	95	93	95	94	97
Percent of items requested in our research rooms furnished within 1 hour of request or scheduled pull time.	86	93	93	96	97	95	98
Percent of Freedom of Information Act requests for Federal records completed within 20 working days.	88	89	86	89	89	89	85
Percent of online archival fixed-fee reproduction orders completed in 20 working days or less	72	68	90	96	96	92	95
Percent of traditional archival holdings available online	–	0.04	0.04	0.6	0.8	1.0	1.2
Percent traditional holdings in an online catalog	56	64	70	70	71	80	81
Percent artifact holdings in an online catalog	57	61	74	78	78	80	88
Percent electronic holdings in an online catalog	99	98	95	96	96	80	87
NARA web sites scores as percent of benchmarked score for other Federal web sites	67	66	69	74	72	75	71

Through a variety of means we work to make the information we manage discoverable by the public as soon as possible. That means the public can at least find a description about our



holdings in an online catalog. It may also mean that records are available online. One indication of the quality and interest in the information we provide is the number of visitors to our web sites—more than 44 million visits in FY 2012. And, as noted earlier, when we released the 1940 Census on April 2, 2012, more than 100 million hits were made to the site over a couple days. By the end of the second week, the site had served more than 126 million images, and completed 2.85 million searches.

Through partnerships and collaborative efforts, we continue to increase the number of digital records available to the public through our online public access portal of NARA’s nationwide holdings. The portal delivers the descriptions of 81 percent of our traditional holdings, representing nearly 3.5 million cubic feet of archival records. To date, we have received more than 90 million digital objects from partners.

We continue to push into new social media venues as ways to make the information we manage discoverable by the public in online places they frequent. Social media tools also

provide ways to communicate and deliver timely information to the public and find out what the public is interested in; we see these efforts as a way to be responsive to the call for open government. In FY 2012, we continued our collaboration with representatives from Wikimedia Foundation and hosted a workshop for Wikimedians active in outreach to cultural institutions in the United States. Our Wikipedian in Residence worked to make NARA information and records discoverable in Wikipedia, a place many people look for answers or start research. Not only did we continue expanding our arsenal of social media and networking tools such as *YouTube*, *FlickrCommons*, *Twitter*, and *Facebook*, blogs, wikis, and *IdeaScale*, but we took on new opportunities, becoming one of the first Federal agencies to develop a presence in *Foursquare* and *Tumblr*. Four of our official tumblogs, including Today's Document, was featured in Tumblr's spotlight section during the year. In late August, a Today's Document, which featured the image of Michael Jackson's antigravity shoe patent, was featured on the Tumblr Radar, and received 3,354 individual notes and reblogs from followers.

The US National Archives Facebook page has more than 26,000 fans and received more than 27 million views across our family of Facebook pages in FY 2012. Our iTunes U channel provides educational resources, including videos, podcasts, lesson plans, and archival documents targeted to students, teachers, and the general public. The channel received more than 200,000 views in FY 2012. Our blogs received 153,000 views in FY 2012. These types of projects create opportunities for citizen engagement and interaction with NARA.

We continued to provide outstanding customer service exceeding our FY 2012 targets in each area. To date, we exceeded our targets for written requests received from customers answered within 10 working days (97 percent); items requested in our research rooms provided within one hour of the request (98 percent); and online orders completed within 20 working days (96 percent). We fell short of meeting our target of Freedom of Information Act (FOIA) requests for Federal records completed within 20 working days (85 percent), due to a larger than usual number of FOIAs against some newly accessioned records.

Strategic Goal 5: Increasing Civic Literacy

Results: We met 2 out of 2 performance measures.

<i>Goal 5. We will increase access to our records in ways that further civic literacy in America through our museum, public outreach, education programs, and grant programs.</i>							
5.1: By 2016, 90 percent of NARA's visitors are satisfied with their visit experience. 5.2: By 2016, a minimum of 85 percent of all NHPRC-assisted projects produce the results required, employing rigorous standards and milestones approved by the Commission.							
Performance Indicator	2007 Actual	2008 Actual	2009 Actual	2010 Actual	2011 Actual	2012 Target	2012 Actual
Percent of NARA visitors who are satisfied with their visit experience	96	97	97	99	99	87	100
Percent of NHPRC-assisted grants produce the results required	86	81	82	92	84	85	89

The National Archives plays a unique and important role in the promotion of civic literacy. As the nation's recordkeeper, our commitment to safeguarding the documentary record of American history is of paramount importance. Our holdings are so vast and diverse that the value and amount of information available to the public is not always apparent. Therefore,



The one millionth visitor in 2012 is Ari Rosenstein, a 9-year-old 4th grader at the Ethical Culture School in New York. This was the first time he's visited the monuments in DC.

we engage in a number of activities designed to advance understanding of civic literacy.

Our commitment to civic literacy has always extended beyond the walls of our archival facilities to touch the communities across the country.

DocsTeach, one of our highly successful open government initiatives, is an education web site designed to provide instruction to teachers in the best practices of

teaching with primary sources. Using documents in our holdings as teachable resources, *DocsTeach* strongly supports our goal to promote civic literacy. This tool provides all teachers with access to primary sources, instruction in best practices, and opportunities to interact with teachers across the nation. In addition, teams of NARA education specialists often participate in national conferences and host sessions to introduce documents to educators that extend beyond school text book information. Throughout the year, and across the nation, we provided genealogy workshops, records-based historical presentations pertinent to local communities, and exhibits and document displays. In FY 2012, we worked with the Foundation of the National Archives and Second Story Interactive to create the *DocsTeach* app for iPad devices. *DocsTeach* was chosen as one of the American Association of School Librarians (AASL) "Best Website for Teaching and Learning in 2012."

Our Presidential Libraries continue to host robust museum, education, and public program offerings. The Libraries share a common goal of educating the public about how government works and how Administration policy and programs are developed. We work collaboratively to develop new and exciting ways to reach students, teachers, and everyday visitors to the Presidential Timeline web site and individual Presidential Library websites. To reach new audiences and disseminate timely information, Libraries continue to increase their online presence through social media outlets such as *Facebook* and blogs. We continue to educate the public through our exhibits held throughout our Libraries.

In our National Historical Publications and Records Commissions program, we support a wide range of activities to preserve, publish and encourage the use of documentary sources. Our grant program funds projects that promote the preservation and use of America's

documentary heritage. In FY 2012, we exceeded our target with 89 percent of all grants successfully producing the results required. The NHPRC continues to develop the web resource, *Founders Online*, a multi-year undertaking to place online more than 170,000 historical documents from the nation’s Founding Era. When completed in FY 2015, the public will be able to access the full, annotated transcriptions of the papers of John Adams, Benjamin Franklin, Alexander Hamilton, Thomas Jefferson, James Madison, and George Washington. Our principal partner, the University of Virginia, is gathering materials, designing a user-friendly website, and testing it with users. We are working toward a public launch of www.founders.archives.gov in FY 2013.

Strategic Goal 6: Developing our Infrastructure

Results: We met 4 out of 5 performance measures

Goal 6. We will equip NARA to meet the changing needs of our customers.							
6.1: By 2016, 95 percent of employees possess the core competencies that were identified for their jobs.							
6.2: By 2016, the percentages of NARA employees in underrepresented groups match their respective availability levels in the Civilian Labor Force (CLF).							
6.3: By 2016, 60 percent of NARA’s positions are filled within 80 days.							
6.4: By 2016, NARA’s telework rate is 100 percent of the Federal Government average rate.							
6.5: By 2016, public applications are available 99 percent of the time.							
Performance Indicator	2007 Actual	2008 Actual	2009 Actual	2010 Actual	2011 Actual	2012 Target	2012 Actual
Percent of NARA positions with competency models	–	–	–	–	–	85	63
Number of underrepresented groups matching targets for respective availability levels in the CLF (out of 7)	2	2	2	2	3	7	2
Percent of NARA’s positions filled within 80 days	–	–	–	12	9	25	27
Percent of NARA’s eligible staff participating in the telework program	–	–	–	16	23	12	32
Percent of public applications availability	99.4	99.5	99.5	99.7	99.5	98.87	99.1

Throughout FY 2012, across the agency staff worked to transform the agency, using a set of six transformation goals as guideposts. Adjustments were made to the complete restructuring of the organization, which took place in FY 2011, and the final selections were made to fill out new roles. NARA’s Strategic Human Capital Plan provides five strategic human capital goals to recruit, develop and strengthen, and retain our human capital resources to achieve mission success. As we implement the strategies and activities to meet these goals, we are monitoring performance results and assessing our human capital programs, decisions, and actions. Using results from annual employee viewpoint surveys, we have developed plans to target identified weaknesses.



A kindergarten class at the Tule Lake Center on the playground. ARC Identifier 539600. Record Group 210: Records of the War Relocation Authority, 1941-1989.

Volunteers from the Tule Lake Committee (www.tulelake.org), a non-profit organization dedicated to preserving and sharing the story of the Japanese American experience at Tule Lake internment camp, worked in the research room at the National Archives at San Francisco for several weeks in Fall 2011. Their team created an index to affidavits filed by American citizens of Japanese descent who had renounced their citizenship while under the duress of internment, but later petitioned the government to restore it. These affidavits, which plainly speak about life at Tule Lake, can now be obtained by descendants of internees.

At the conclusion of their project, the Tule Lake Committee invited Marisa Louie of NARA's San Francisco office staff to attend their biennial Tule Lake Pilgrimage, a two-day conference in Klamath Falls, Oregon, near the site of the former internment camp. The theme of this year's Pilgrimage was closely linked to the work the Committee had recently completed at NARA. NARA records were reproduced in the program booklet that was distributed to all attendees. The Pilgrimage is attended by families, community members, and historians – this year, nearly one-third of the attendees had themselves been interned or had been born "in camp."

During the Pilgrimage weekend (June 30-July 3, 2012), Marisa delivered a workshop to more than 60 participants about Japanese American genealogical research. She spoke with numerous other families about how to obtain copies of their own or their ancestors' Evacuee Case Files from the National Archives in Washington, DC. Many participants were glad to hear that they could access their family's records through the Federal government.

Nationwide, NARA's research rooms received more than 120,000 visits last year from people looking for a connection to history each day. More than 40 million visits happen online. About the Tule Lake event, Marisa said, "I was surprised by how many individuals I spoke with who didn't know that they could get copies of their family's internment records...Many families had questions about their ancestors' experiences that had long been unanswered. Having a NARA presence at events like these puts a human face on the government and makes getting started with research much less intimidating."

Linking Our Budget to Our Objectives

The chart links the major budget functions to each of our long-term objectives.

NARA Goals and Long-Term Objectives	Leg Arch, Pres Libs, & Mus Servs	Research Services	Agency & Related Services	Facility Operations	NHPRC	Repairs & Restoration	Revolving Fund	Trust Fund
Strategic Goal 1: Our Nation's Record Keeper								
1.1: By 2016, 50 percent of agencies' records management self-assessments received by NARA.			✓					
1.2: By 2016, 90 percent of customers are highly satisfied with NARA records management services.			✓					
1.3: By 2016, records management transactions serviced by the Federal Records Centers Program grow by 6 percent.			✓				✓	
1.4: Within 30 days of the end of an administration, 100 percent of Presidential and Vice Presidential materials have been moved to NARA locations or NARA-approved facilities.	✓							
Strategic Goal 2: Preserve & Process								
2.1: By 2016, 85 percent of scheduled transfers of archival records are received at the scheduled time.		✓						
2.2: By 2016, 95 percent of archival holdings have been processed to the point where researchers can have efficient access to them.	✓	✓						
2.3: By 2012, 90 percent of agency declassification programs earn high scores from ISOO.			✓					
2.4: By 2016, NARA archival holdings of 25-year-old or older records are declassified, exempted, or referred under the provisions of Executive Order 13526.	✓		✓					
2.5: By 2016, 100 percent of archival holdings are stored in appropriate space.	✓			✓		✓		
2.6: By 2016, 100 percent of NARA records center holdings are stored in appropriate space.			✓				✓	
2.7: By 2016, less than 50 percent of archival holdings require preservation action.	✓	✓						
Strategic Goal 3: Electronic Records Challenges								
3.1: By 2016, 95 percent of archival electronic holdings have been processed to the point where researchers can have efficient access to them.	✓	✓	✓					
3.2: By 2012, 80 percent of archival electronic records are preserved at the planned level of service.	✓	✓	✓					
3.3: By 2016, the per-megabyte cost of managing electronic records decreases each year.	✓	✓	✓					
Strategic Goal 4: Access								
4.1: By 2016, NARA customer service standards for researchers are met or exceeded.	✓	✓	✓					
4.2: By 2012, 1 percent of archival holdings are available online.	✓	✓	✓					
4.3: By 2016, 95 percent of archival holdings are described in an online catalog.	✓	✓	✓					
4.4: By 2012, our web sites score at or above the benchmark for excellence as defined for Federal government web sites.	✓		✓					

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NARA Goals and Long-Term Objectives	Leg Arch, Pres Libs, & Mus Servs	Research Services	Agency & Related Services	Facility Operations	NHPRC	Repairs & Restoration	Revolving Fund	Trust Fund
Strategic Goal 5: Civic Literacy								
5.1. By 2016, 90 percent of NARA's visitors are satisfied with their visit experience.	✓	✓						✓
5.2. By 2016, a minimum of 85 percent of all NHPRC-assisted projects produce the results required, employing rigorous standards and milestones approved by the Commission.					✓			
Strategic Goal 6: Infrastructure								
6.1. By 2016, 95 percent of employees possess the core competencies that were identified for their jobs.	✓	✓	✓		✓		✓	✓
6.2. By 2016, the percentages of NARA employees in underrepresented groups match their respective availability levels in the Civilian Labor Force (CLF).	✓	✓	✓		✓		✓	✓
6.3. By 2016, 60 percent of NARA's positions are filled within 80 days.	✓	✓	✓		✓		✓	✓
6.4. By 2016, NARA's telework rate is 100 percent of the Federal Government average rate.	✓	✓	✓		✓		✓	✓
6.5. By 2016, public network applications are available 99 percent of the time.			✓				✓	

Financial Highlights

The financial statements presented in this report have been prepared from NARA accounting records in accordance with the generally accepted accounting standards prescribed for Federal entities by the Federal Accounting Standards Board (FASAB), and presentation standards prescribed by OMB Circular A-136, *Financial Reporting Requirements*.

Sources of Funds

NARA operations are funded through annual, multi-year and no-year appropriations, revenues collected through the Records Center Revolving Fund and the National Archives Trust Fund, and gifts received through the National Archives Gift Fund.

In total, NARA had \$717 million in budgetary resources available in FY 2012, of which approximately 59 percent were appropriations for Archives and Records Management Activities and almost 30 percent were revenues from Revolving Fund Records Center and Storage Services (see Figure 3). Total budgetary resources include current year funding, spending authority from offsetting collections, recoveries of prior year unpaid obligations, and unobligated balances carried forward.

**FY 2012 Total Budgetary Resources by Program
 (in millions)**

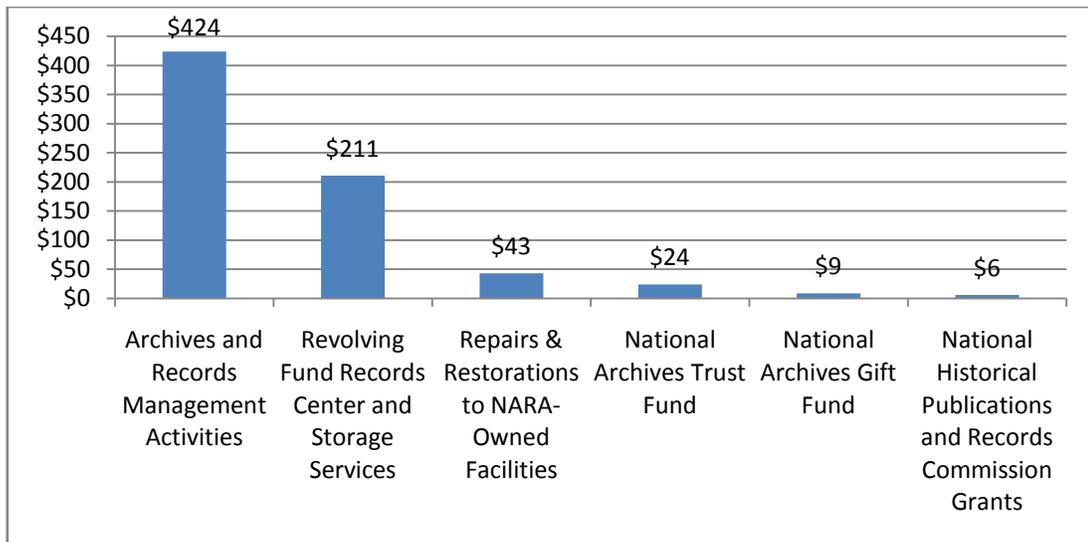


Figure 3. Total Budgetary Resources, FY 2012

Archives and Records Management Activities, NARA Operating Expenses appropriation, provides for the costs of records services, archives-related services, and payments of principal and interest for the financing of the National Archives building at College Park. Records services activities include describing, preserving, and making publicly available the historical records of the Federal Government, including Presidential records, and helping other Federal agencies to fulfill their records management responsibilities. Archives-related services provide for the publication of the daily *Federal Register* and the *Code of Federal Regulations*,

and satisfy other statutory requirements. Starting with FY2012, it also covers the Electronic Records Archives (ERA) services and operations of the information system.

Revolving Fund, Records Center and Storage Services, generates revenue by storing and servicing temporary Federal records on behalf of other Federal agencies, on a cost-reimbursable basis. The Federal Records Center program stores, references, and ultimately disposes of temporary Federal records for a standard fee. In FY 2012, the Revolving Fund earned revenue of \$176 million, after intra-entity eliminations.

Repairs and Restoration appropriation provides for repair and improvements for NARA-owned facilities and Presidential Libraries nationwide.

National Archives Trust Fund generates revenues through the sale of publications and reproductions of historical documents, museum shop sales, admissions to Presidential libraries, training events, and interest income (44 U.S.C. 2116). Expenditures support inventory replacement, personnel, information systems, and reproduction equipment and supplies. The National Archives Trust Fund earned revenue of \$19 million in FY 2012.

National Historical Publications and Records Commission administers grants to preserve and publish historical records of State and local governments and private institutions.

National Archives Gift Fund administers conditional and unconditional gifts and bequests to NARA (44 U.S.C. 2305). Expenditures provide for historical research, archival and cultural events, and other programs which support the archival and records management activities of the National Archives. In FY 2012, the Gift Fund received donations of \$5 million.

Audit Results

NARA FY 2012 financial statements were audited by Cotton and Company L.L.P under contract to the NARA Office of the Inspector General. NARA received an unqualified audit opinion on its FY 2012 and FY 2011 financial statements with no material weaknesses noted in FY 2012.

Limitations of the Financial Statements

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

Financial Statement Highlights

NARA’s financial statements summarize the financial activity and financial position of the agency. The financial statements, footnotes, supplementary information, and supplementary stewardship information appear in Section III - Financial Section. An analysis of the principal statements follows.

Analysis of the Balance Sheet

ASSETS: NARA’s assets were \$658.9 million as of September 30, 2012. The reduction of \$88.4 million from the end of FY 2011 resulted from a decrease in general property, plant and equipment net balance due to a drop-off in capital expenditures in FY 2012, coupled with a year’s worth of accumulated depreciation, and a decrease in the Fund balance with Treasury due to reduced funding in FY 2012. The assets reported in NARA’s balance sheet are summarized in the accompanying table.

Asset Summary (in millions)	FY 2012	FY 2011
Fund balance with Treasury and cash	\$ 217.6	\$ 240.7
General property, plant, and equipment, net	378.0	452.8
Investments	46.1	37.2
Accounts receivable, net	15.5	14.9
Inventory, and Deferred Assets	1.7	1.7
Total assets	\$ 658.9	\$ 747.3

The fund balance with Treasury and cash represents approximately 33 percent of total assets. Property, plant, and equipment constitute 57 percent of total assets, with the National Archives building at College Park representing the greater part of the balance.

LIABILITIES: NARA’s liabilities as of September 30, 2012 amounted to \$234.9 million. A decrease of \$23.4 million from the end of FY 2011 is due to the \$15 million annual principal payment on the debt held by the public and a significantly reduced base of expenditures on major projects such as ERA in FY 2012. The liabilities reported in NARA’s balance sheet are summarized in the accompanying table.

Liabilities Summary (in millions)	FY 2012	FY 2011
Debt held by the public	\$ 151.6	\$ 166.9
Accounts payable	47.4	54.9
Federal employees benefits	10.8	10.9
Other	25.1	25.6
Total liabilities	\$ 234.9	\$ 258.3

Debt held by the public accounts for approximately 64 percent of total liabilities and represents certificates of participation issued to the public through a trustee to cover the construction costs of the National Archives building at College Park.

Of the total liabilities, the amount of \$174 million, or 74 percent, is unfunded, i.e., budgetary resources are not yet available as of September 30, 2012. For most unfunded liabilities, budgetary resources will be made available in the years balances are due, in accordance with

OMB funding guidelines. The major elements of unfunded liabilities are \$151.6 million for debt held by the public, \$11.6 million for actuarial portion of Federal employee benefits, and \$10.8 million for unfunded annual leave.

NET POSITION: The difference between total assets and total liabilities represents net position of \$424 million as of September 30, 2012. The net position reported in NARA's balance sheet is summarized in the accompanying table.

Net Position Summary (in millions)	FY 2012	FY 2011
Unexpended appropriations	158.0	\$ 167.5
Cumulative results of operations	266.0	321.5
Total net position	\$ 424.0	\$ 489.0

Net position is affected by changes in its two components – Cumulative Results of Operations and Unexpended Appropriations. Unexpended appropriations amount is the authority granted by Congress that has not been expended. Cumulative results of operations line reflects funding of capital needs of the agency since NARA's inception and net results of the revolving fund operations. The decrease in net position of \$65 million from FY 2011 to FY 2012 comprises the decrease in cumulative results of operations of \$55.5 million and a decrease in unexpended appropriations of \$9.5 million. The overall decrease is due mainly to the decrease in budget authority in FY 2012.

Analysis of the Statement of Net Cost

The statement of net cost presents the net cost of NARA's five major programs. NARA's net cost of operations for the year ended September 30, 2012, is \$477.2 million. The increase of \$14.7 million in the net cost of operations is due largely to the higher operating costs, such as utilities and rent, increase in construction of the National Archives Experience project at Archives I, and increase in operating expense for ERA information system which transitioned from development (capital expenditures) in FY 2012.

Net costs by program are shown in the table below.

Net Cost of Operations (in millions)	FY 2012	FY 2011
Archives and records management activities *	\$ 437.1	\$ 418.6
Trust and gift funds	(2.2)	(1.6)
National historical publications and records commission grants	9.7	8.4
Archives facilities and presidential libraries repairs and restoration	19.7	25.0
Records center storage and services	12.9	12.1
Net cost of operations	\$ 477.2	462.5

In FY 2012, the Electronic Records Archives program was combined with the Archives and Records Management Activities program (formerly known as Records and Archives Related Services).

Analysis of the Statement of Budgetary Resources

The statement of budgetary resources presents the sources of budgetary resources and their status at the end of the period, as well as demonstrates the relationship of obligations to outlays. For FY 2012, NARA had budgetary resources available of \$717 million, a decrease of 2 percent over \$733 million in FY 2011. The majority of the decrease resulted from a decrease in funding in FY 2012.

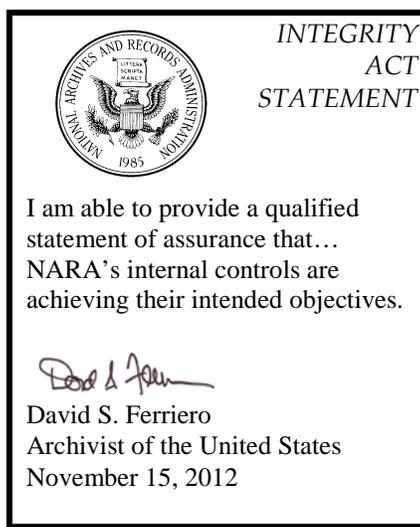
Systems, Controls, and Legal Compliance

This section provides information about NARA's compliance with the

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

Federal Managers' Financial Integrity Act

The Federal Managers' Financial Integrity Act mandates that agencies establish controls that reasonably ensure that (i) obligations and costs comply with applicable law; (ii) assets are safeguarded against waste, loss, unauthorized use, or misappropriation; and (iii) revenues and expenditures are properly recorded and accounted for. This act encompasses operational, program, and administrative areas, as well as accounting and financial management. It requires the Archivist to provide an assurance statement to the President on the adequacy of internal controls. (*See appendix of full report for NARA's FY 2012 EMFIA Report.*)



Internal Controls Program

NARA's internal controls worked to reasonably ensure the attainment of our mission and FY 2012 goals, maintain efficient operations, and reduce fraud and the misuse of taxpayer-provided resources. NARA managers submitted an annual assurance statement, along with an internal control plan, to the Archivist of the United States at the end of the fiscal year. These statements were based on various sources and included

- Management knowledge gained from daily operation of programs
- Management reviews
- Program evaluations
- Audits of financial statements
- Reviews of financial systems
- Annual performance plans and periodic performance reporting to the Archivist
- Executive and management team reviews and briefings
- Internal oversight by a management controls oversight council
- Internal oversight groups for agency programs
- Monthly reporting in NARA's Performance Measurement Reporting System
- Reports and other information provided by the congressional committees of jurisdiction.

FY 2012 Internal Controls

NARA evaluated its internal control systems for the fiscal year ending September 30, 2012. This evaluation provided reasonable assurance that, except for four material weaknesses, the agency's internal controls achieved their intended objectives.

Pursuant to Section 2 of the Integrity Act, we did not identify any new material weaknesses in FY 2012. The four material weaknesses remaining at the end of FY 2012 are:

- *Holdings Protection.* Predicated upon the need to improve our security posture and controls over our holdings, this weakness was first identified in FY 2001. NARA has made significant progress in addressing this weakness through the coordinated efforts of our Holdings Protection Team and Security Division, including implementation of exit screening procedures at several facilities. We will continue to take a risk-based approach to expanding our exit screening program, as well as further testing and monitoring controls put in place.
- *Information Security.* In FY 2011 we reassessed our material weakness in information security and, as a result, identified risks posed by the need to improve controls over resolving, responding to, tracking, and closing recommendations in a systematic, consistent, and timely manner. The CIO and his staff have made significant progress, putting in place a process for taking a risk based approach to mitigating IT related risks and developing metrics for monitoring progress. We will continue this risk-based approach to mitigating IT risks, monitor the metrics put in place, and continue to test and monitor the controls put in place.
- *Presidential Libraries Artifact Inventory Controls.* First reported in FY 2008, the major weaknesses were identified as a need to improve our initial and re-inventory processes and cycle times and institute improved controls over our collections management IT system. Since then, most libraries have completed initial inventories and reconciliations and those which have not are on target to meet their scheduled deadline; revised re-inventory procedures have been developed; and a new collections management system has been obtained. We will focus on completing the initial inventory and reconciliation at the remaining libraries; implementing the new collections management system at each library, including ensuring the audit function in the new system is enabled and properly functioning.
- *Archival Records Preservation.* Identified in FY 2007, the weakness was predicated on risk to our ability to maintain and manage our holdings in an appropriate physical state. We have effective programs for treating these endangered records in our conservation and special media labs and for digitizing records in all media. But, our capacity is overwhelmed by the volume of work needed. Therefore, we need renewed attention, new approaches, and possibly more resources directed to identify and then treat the collection/series or the specific items within them that are in imminent danger. Going forward, we will focus on improving a risk-based approach to identifying and treating the highest priority records and developing performance measures that more accurately capture our progress in doing so. We believe that a risk-based approach will aid us in our efforts to make the most effective and efficient use of resources.

During FY 2012, NARA took corrective action and closed two material weaknesses:

- We made significant progress in addressing a *Records Processing* material weakness identified in 2007 when less than 30 percent of NARA's holdings had been fully processed. We closed all recommendations related to the material weakness, doubled the volume of records processed in the Washington, DC, area, tripled the volume of records processed in the regions, raising the percent of our traditional Federal holdings processed to more than 60 percent. We have completed studies and re-engineering efforts to better understand our processing environment, controls, and challenges. These efforts help us to continuously improve our process, making the most effective and efficient use of our existing resources to provide access to our customers. As a result of these accomplishments, NARA's Management Controls Oversight Council (MCOC) voted to downgrade records processing from a material weakness to a reportable condition in FY 2013. The MCOC will continue its close monitoring and tracking of this condition in accordance with OMB A-123.
- Material weakness in financial reporting related to the *review of manual journal entries*, noted in the FY 2011 report, was resolved and appears as closed in the FY 2012 audit report, as well as the FMFIA statement of assurance.

Details on the four material weaknesses are found in our Federal Managers' Financial Integrity Act Report located in the Other Accompanying Information section in the full version of this report.

Federal Information Security Management Act

The Federal Information Security Management Act (FISMA) requires Federal agencies to conduct an annual self-assessment review of their information technology security program, to develop and implement remediation efforts for identified security weaknesses and vulnerabilities, and to report to OMB on the agency's compliance. This year's FISMA submission is required no later than November 15, 2012.

Federal Financial Management Improvement Act

As an Accountability for Tax Dollars Act (ATDA) agency, NARA is not subject to the requirements of FFMIA, per OMB bulletin #07-04, *Audit Requirements for Federal Financial Statements*, and as such is not required to report separately on its compliance with FFMIA in its FMFIA reports.

Debt Management

The Bureau of Public Debt (BPD) and the US Department of the Interior's Interior Business Center assist NARA with the management of employee debts. NARA contracts with Interior Business Center for payroll services. Under this cross-servicing agreement, Interior Business Center tracks employee debts and pursues delinquent debts from NARA employees through salary offset and administrative wage garnishment.

NARA has a cross-servicing agreement with BPD for accounting services. In compliance with the Debt Collection Improvement Act of 1996, NARA actively pursues delinquent non-Federal claims, and upon request by NARA, BPD transmits delinquent claims to the US Department of the Treasury Financial Management Service (FMS) for collection cross-servicing.

Improper Payments Management

To comply with Improper Payments Elimination and Recovery Act of 2010 (IPERA), NARA completed a full program inventory and performed the risk assessment required by FY 2011 OMB Circular A-123, APPENDIX C - Improper Payments Information Act of 2002 (IPIA), as amended by IPERA, for submission to OMB. NARA did not identify any programs or activities that may be susceptible to significant improper payments and has determined that payment recapture audits would not be cost-effective at this time.

Prompt Payment Act

As our financial service provider, the Bureau of the Public Debt processes payments for NARA in accordance with the Prompt Payment Act and submits quarterly prompt pay statistics on our behalf.

Inspector General Act

We are committed to resolving and implementing open audit recommendations presented in OIG reports. Section 5(b) of the Inspector General Act requires agencies to report on final actions taken on OIG audit recommendations. This information is included in the Archivist's transmittal of the OIG semi-annual report to Congress.

SECTION 3

FINANCIAL SECTION

A Message from the Chief Financial Officer



The National Archives and Records Administration has received an unqualified “clean” audit opinion on its FY 2012 financial statements. I am happy to report that this year’s audit opinion resolves the material weakness over financial reporting that was included in NARA’s FY 2011 audit report.

During the course of FY 2012, NARA financial management staff dedicated significant effort to addressing the conditions that led to last year’s material weakness and enhancing internal controls over financial reporting. It is to their credit that NARA has removed the material weakness for FY 2012. It is worth noting that the FY 2011 material weakness was the result of erroneous financial reporting in FY 2010; that error was corrected with a restatement in FY 2011 and does not carry-forward into the FY 2011 and 2012 financial

statements.

I can provide reasonable assurance that the objectives of section 2 of the Federal Managers’ Financial Integrity Act have been achieved. I am confident that NARA’s improved internal controls will ensure the integrity and reliability of NARA financial reports going forward.

A handwritten signature in black ink, appearing to read "Micah M. Cheatham". The signature is stylized and fluid, written over a light-colored background.

Micah M. Cheatham
Chief Financial Officer

Auditor's Reports (FY 2012)

Inspector General's Summary

**NATIONAL ARCHIVES AND RECORDS ADMINISTRATION
ANNUAL FINANCIAL STATEMENT
FISCAL YEAR 2012**

**OFFICE OF THE INSPECTOR GENERAL
COMMENTARY AND SUMMARY**

This audit report contains the Annual Financial Statements of the National Archives and Records Administration (NARA) for the fiscal years ended September 30, 2012 and 2011. We contracted with the independent certified public accounting firm of Cotton & Company, LLP (C&C) to perform the fiscal years 2012 and 2011 audits. The audit was done in accordance with U.S. generally accepted auditing standards, the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; applicable provisions of the OMB Bulletin No. 07-04 *Audit Requirements for Federal Financial Statements*, as amended, and the GAO/PCIE *Financial Audit Manual*.

In its audit of NARA's financial statements, C&C's opinion states that the financial statements present fairly, in all material respects, the financial position of NARA as of September 30, 2012 and 2011, and its net cost, changes in net position, and budgetary resources for the years then ended, in conformity with accounting principles generally accepted in the United States of America.

C&C reported no material weaknesses or significant deficiencies¹ in internal control over financial reporting. C&C disclosed no instances of noncompliance with certain provisions of laws and regulations.

In connection with the contract, we reviewed C&C's report and related documentation and inquired of its representatives. Our review, as differentiated from an audit in accordance with U.S. generally accepted government auditing standards, was not intended to enable us to express, as we do not express, an opinion on NARA's financial statements or conclusions about the effectiveness of internal control or compliance with laws and regulations. C&C is responsible for the attached auditor's report dated November 14, 2012, and the conclusions expressed in the accompanying reports. However, our review disclosed no instances where C&C did not comply, in all material respects, with generally accepted government auditing standards.

¹ A material weakness is a deficiency, or combination of deficiencies, in internal control, such that there is a reasonable possibility that a material misstatement of an entity's financial statements will not be prevented, or detected and corrected on a timely basis.

² A significant deficiency is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

Independent Auditor's Report (FY 2012)



Cotton & Company LLP
635 Slaters Lane
4th Floor
Alexandria, VA 22314

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The Inspector General
National Archives and Records Administration

INDEPENDENT AUDITOR'S REPORT

We have audited the accompanying consolidated Balance Sheets of the National Archives and Records Administration (NARA) as of September 30, 2012 and 2011, and the related Statements of Net Cost, Changes in Net Position, and Budgetary Resources for the years then ended. These financial statements are the responsibility of NARA management. Our responsibility is to express an opinion on the financial statements based on our audits.

We conducted our audits in accordance with auditing standards generally accepted in the United States of America; standards applicable to financial statement audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and Office of Management and Budget (OMB) audit guidance. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating overall financial statement presentation. We believe that our audits provide a reasonable basis for our opinion.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of NARA as of September 30, 2012 and 2011, and its net cost, changes in net position, and budgetary resources for the years then ended, in conformity with accounting principles generally accepted in the United States of America.

The information in the *Management's Discussion and Analysis* and *Required Supplementary Information* sections is not a required part of the consolidated financial statements, but is supplementary information required by accounting principles generally accepted in the United States of America. We did not audit this information and, accordingly, we express no opinion on it. However, we compared this information for consistency with the financial statements and discussed the methods of measurement and presentation with NARA officials. On the basis of this limited work, we found no material inconsistencies between the financial statements and U.S. generally accepted accounting principles or OMB financial reporting requirements.

Our audits were conducted for the purpose of forming an opinion on the consolidated financial statements taken as a whole. The information in the Message from the Chief Financial Officer, Performance Section, and Other Accompanying Information is presented for purposes of additional analysis and is not required as part of the consolidated financial statements. This information has not been subjected to auditing procedures and, accordingly, we express no opinion on it.

In accordance with *Government Auditing Standards*, we are also issuing two other reports dated November 14, 2012. The first report is on our consideration of NARA's internal control over financial reporting and over compliance with laws and regulations. The second report is on our tests of NARA's compliance with certain provisions of laws and regulations. Those reports are an integral part of an audit performed in accordance with *Government Auditing Standards* and should be read in conjunction with this report in assessing the results of our audit.

COTTON & COMPANY LLP



Colette Y. Wilson
Partner

Alexandria, Virginia
November 14, 2012



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The Inspector General
National Archives and Records Administration

INDEPENDENT AUDITOR'S REPORT ON INTERNAL CONTROL

We have audited the consolidated financial statements of the National Archives and Records Administration (NARA) as of September 30, 2012 and 2011, and have issued our report thereon dated November 14, 2012. That report contained our unqualified opinion on the financial statements for fiscal year (FY) 2012 and FY 2011. We conducted our audits in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and Office of Management and Budget (OMB) audit guidance.

NARA management is responsible for establishing, maintaining, and assessing internal control to provide reasonable assurance that the broad control objectives of the Federal Managers' Financial Integrity Act are met. The objectives of internal control are as follows:

- **Financial reporting:** Transactions are properly recorded, processed, and summarized to permit the preparation of financial statements in conformity with U.S. generally accepted accounting principles, and assets are safeguarded against loss from unauthorized acquisition, use, or disposition.
- **Compliance with laws and regulations:** Transactions are executed in accordance with (1) laws governing the use of budget authority, (2) other laws and regulations that could have a direct and material effect on the financial statements, and (3) any other laws, regulations, and government-wide policies identified by OMB audit guidance.

In planning and performing our audits, we considered NARA's internal control over financial reporting and over compliance with laws and regulations. We did this as a basis for designing our procedures for auditing the financial statements and not to express an opinion on internal control. Accordingly, we do not express an opinion on internal control over financial reporting and over compliance with laws and regulations.

Our consideration of internal control was for the limited purpose described in the previous paragraph. Thus, it was not designed to identify all deficiencies in internal control that might be deficiencies, significant deficiencies, or material weaknesses; therefore, there can be no assurance that all deficiencies, significant deficiencies, or material weaknesses have been identified.

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, such that there is a reasonable possibility that a material misstatement of an entity's financial statements will not be prevented, or detected and corrected on a timely basis. We did not identify any deficiencies in internal control that we consider to be material weaknesses.

We noted certain deficiencies in internal control that will be reported to NARA management in a separate letter.

In commenting on a draft of this report (see Appendix A), NARA concurred with the facts and conclusions in our report. We did not audit NARA's response; accordingly, we express no opinion on it.

STATUS OF PRIOR-YEAR RECOMMENDATIONS

We reviewed the status of NARA's corrective actions with respect to the material weakness from the prior-year report on internal control. Appendix B to this report provides details of the status of recommendations.

Because of inherent limitations in internal control, misstatements due to error or fraud, losses, or noncompliance may nevertheless occur and not be detected. We also caution that projecting our evaluation to future periods is subject to the risk that controls may become inadequate because of changes in conditions or that the degree of compliance with controls may deteriorate.

In accordance with *Government Auditing Standards*, we are also issuing two other reports dated November 14, 2012. The first report is on our audit of NARA's financial statements. The second report is on our tests of NARA's compliance with certain provisions of laws and regulations. Those reports are an integral part of an audit performed in accordance with *Government Auditing Standards* and should be read in conjunction with this report in assessing the results of our audit.

This report is intended solely for the information and use of NARA management, NARA Office of Inspector General, the Government Accountability Office, OMB, the Congress of the United States, and those who have read NARA's financial statements, our report on those financial statements, and our report on compliance with laws and regulations. This report is not intended to be and should not be used by anyone other than those parties.

COTTON & COMPANY LLP



Colette Y. Wilson, CPA
Partner

Alexandria, Virginia
November 14, 2012

Management Response to Auditor's Report (FY 2012)

APPENDIX A MANAGEMENT COMMENTS



NATIONAL
ARCHIVES

ARCHIVIST *of the*
UNITED STATES

DAVID S. FERRIERO
T: 202.357.5900
F: 202.357.5901
david.ferriero@nara.gov

14 November 2012

To: James Springs, Acting Inspector General
From: David S. Ferriero, Archivist of the United States
Subject: Management Response to the FY 2012 Financial Statement Audit

Thank you for the opportunity to respond to your reports, *Independent Auditor's Report on Internal Control* and *Independent Auditor's Report on Compliance with Laws and Regulations*.

I am pleased to have received an unqualified opinion for NARA's FY 2012 financial statements. I appreciate that the independent auditor has recognized our progress in improving financial management at NARA by removing last year's material weakness over financial reporting.

I would like to thank the Office of Inspector General and the Cotton & Company, LLP for their cooperation and efforts to ensure a smooth and efficient audit.

NATIONAL ARCHIVES *and*
RECORDS ADMINISTRATION
700 PENNSYLVANIA AVENUE, NW
WASHINGTON, DC 20408-0001
www.archives.gov

APPENDIX B
NATIONAL ARCHIVES AND RECORDS ADMINISTRATION
STATUS OF PRIOR-YEAR RECOMMENDATIONS
SEPTEMBER 30, 2012

APPENDIX B
NATIONAL ARCHIVES AND RECORDS ADMINISTRATION
STATUS OF PRIOR-YEAR RECOMMENDATIONS
SEPTEMBER 30, 2012

We present below the status of recommendations from our prior-year report on internal control over financial reporting and compliance with laws and regulations. In our FY 2011 report, we noted a material weakness related to the review of manual journal entries. NARA has taken corrective actions and our finding and recommendations have been closed.

Condition and Recommendation	Status as of September 30, 2012
<u>Review of Manual Journal Entries</u>	
We recommend that:	Closed
1. BCF develop, document, and implement procedures that require the review and approval of all manual journal entries prepared and submitted during and after the normal adjustment period. In addition, management should communicate these procedures to all involved in the process.	Closed
2. BCR, as well as other offices, thoroughly review the methodologies and supporting documentation for all journal entries approved and submitted for financial reporting throughout the year (as required by current procedures).	Closed



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The Inspector General
National Archives and Records Administration

INDEPENDENT AUDITOR'S REPORT ON COMPLIANCE AND OTHER MATTERS

We have audited the financial statements of the National Archives and Records Administration (NARA) as of September 30, 2012 and 2011, and have issued our report thereon dated November 14, 2012. We conducted our audits in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and Office of Management and Budget (OMB) audit guidance.

NARA management is responsible for complying with laws and regulations applicable to NARA. As part of obtaining reasonable assurance about whether NARA's financial statements are free of material misstatements, we performed tests of NARA's compliance with certain provisions of laws and regulations that have a direct and material effect on the financial statements. We did not test compliance with all laws and regulations applicable to NARA. We limited our tests of compliance to those provisions of laws and regulations that OMB audit guidance requires that we test that we deemed applicable to the financial statements for the fiscal year ended September 30, 2012. We caution that noncompliance may have occurred and may not have been detected by these tests, and that such testing may not be sufficient for other purposes.

Our tests of compliance with laws and regulations described in the preceding paragraph disclosed no instances of material noncompliance that are required to be reported under *Government Auditing Standards* and OMB audit guidance.

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

In accordance with *Government Auditing Standards*, we are also issuing two other reports dated November 14, 2012. The first report is on our audit of NARA's financial statements. The second report is on NARA's internal control over financial reporting and over compliance with laws and regulations. Those reports are an integral part of an audit performed in accordance with *Government Auditing Standards* and should be read in conjunction with this report in assessing the results of our audit.

This report is intended solely for the information and use of NARA management, NARA Office of Inspector General, the Government Accountability Office, OMB, the Congress of the United States, and those who have read NARA's financial statements, our report on those financial statements, and our

report on internal control. This report is not intended to be and should not be used by anyone other than those parties.

COTTON & COMPANY LLP

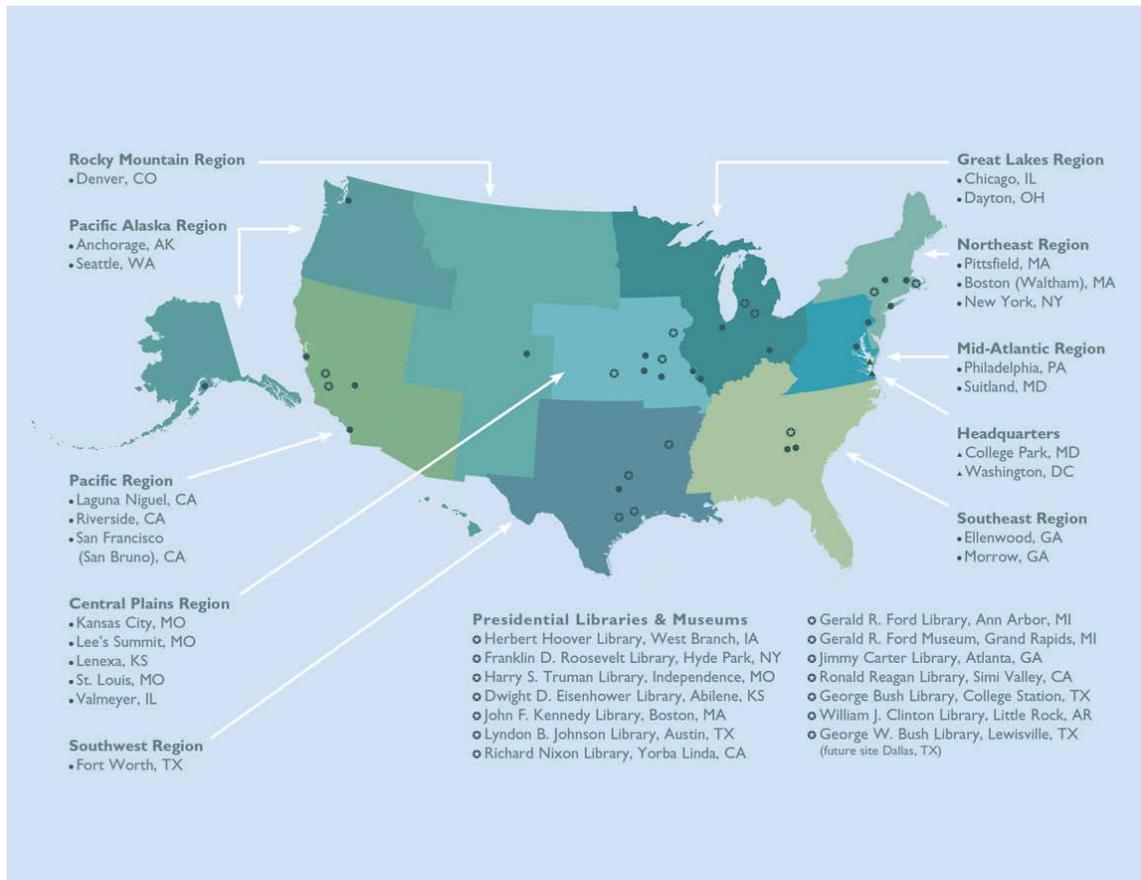


Colette Y. Wilson
Partner

Alexandria, Virginia
November 14, 2012

NARA Facilities Span the Country

The National Archives and Records Administration administers a nationwide network of facilities, serving both the public and Federal agencies.



National Personnel Records Center

Scott Levins, *Director*

National Personnel Records Center (Military and Civilian Records)

1 Archives Drive
St. Louis, MO 63138
314-801-0800

National Personnel Records Center (Civilian Records)
1411 Boulder Boulevard
Valmeyer, IL 62295
618-935-3062

National Archives at St. Louis

1 Archives Drive
St. Louis, MO 63138
314-801-0800

Office of the Federal Register

Suite 700
800 North Capitol Street, NW
Washington, DC 20001
202-741-6000

National Archives at Anchorage

654 West Third Avenue
Anchorage, AK 99501
907-261-7800

National Archives at Atlanta

5780 Jonesboro Road
Morrow, GA 30260
770-968-2100

National Archives at Boston

380 Trapelo Road
Waltham, MA 02452
781-663-0130

National Archives at Chicago

7358 South Pulaski Road
Chicago, IL 60629
773-948-9001

National Archives and Records Administration
Performance and Accountability Report, FY 2012

National Archives at College Park

8601 Adelphi Road
College Park, MD 20740
301-837-2000

Denver Federal Records Center

Denver Federal Center,
Building 48
P.O. Box 25307
Denver, CO 80225
303-407-5700

National Archives at Denver

Archival Research Room
17107 Huron Street
Broomfield, CO 80023
303-604-4740

Genealogy Research Room

17107 Huron Street
Broomfield, CO 80023
303-604-4740

National Archives at Fort Worth

Archival Research Room
1400 John Burgess Drive
Fort Worth, TX 76140
817-551-2000

Microfilm Research Room

2600 West 7th Street, Suite 162
Fort Worth, TX, 76107
817-831-5620

National Archives at Kansas City

400 West Pershing Road
Kansas City, MO 64108
816-268-8000

National Archives at New York

201 Varick Street, 12th Floor
New York, NY 10014
212-401-1620

New as of December 3, 2012:

1 Bowling Green, 3rd floor
New York, NY 10004
212-401-1620

National Archives at Philadelphia

900 Market Street
Philadelphia, PA 19107
215-606-0100

National Archives at Riverside

23123 Cajalco Road
Perris, CA 92570
951-956-2000

National Archives at San Francisco

1000 Commodore Drive
San Bruno, CA 94066
650-238-3500

National Archives at Seattle

6125 Sand Point Way NE
Seattle, WA 98115
206-336-5115

National Archives in Washington, DC

700 Pennsylvania Avenue, NW
Washington, DC 20408
202-357-5400

Atlanta Federal Records Center

4712 Southpark Boulevard
Ellenwood, GA 30294
404-736-2820

Boston Federal Records Center

380 Trapelo Road
Waltham, MA 02452
781-663-0130

Chicago Federal Records Center

7358 South Pulaski Road
Chicago, IL 60629
773-948-9001

Dayton Federal Records Center

3150 Springboro Road
Dayton, OH 45439
937-425-0600

Fort Worth Federal Records Center

1400 John Burgess Drive
Fort Worth, TX 76140
817-551-2000

Kansas City Federal Records Center

400 West Pershing Road
Kansas City, MO 64108
816-268-8000

Kingsridge Federal Records Center

8801 Kingsridge Drive
Dayton, OH 45458
937-425-0601

Lee's Summit Federal Records Center

200 Space Center Drive
Lee's Summit, MO 64064
816-268-8100

Lenexa Federal Records Center

17501 West 98th Street, Suites
3150 & 4748
Lenexa, KS 66219
913-563-7600

Philadelphia Federal Records Center

14700 Townsend Road
Philadelphia, PA 19154
215-305-2000

Pittsfield Federal Records Center

10 Conte Drive
Pittsfield, MA 01201
413-236-3600

Riverside Federal Records Center

23123 Cajalco Road
Perris, CA 92570
951-956-2000

San Bruno Federal Records Center

1000 Commodore Drive
San Bruno, CA 94066
650-238-3500

Seattle Federal Records Center

6125 Sand Point Way NE
Seattle, WA 98115
206-336-5128

Washington National Records Center

4205 Suitland Road
Suitland, MD 20746
301-778-1600

National Archives and Records Administration
Performance and Accountability Report, FY 2012

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

Franklin D. Roosevelt Library
Lynn A. Bassanese, *Acting Director*
4079 Albany Post Road
Hyde Park, NY 12538
845-486-7770

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

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

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

Lyndon Baines Johnson Library
Mark Updegrove, *Director*
2313 Red River Street
Austin, TX 78705
512-721-0200

Richard Nixon Presidential Library and Museum
Paul Wormser, *Acting Director*

California Office
18001 Yorba Linda Blvd.
Yorba Linda, CA 92886
714-983-9120

Maryland Office
8601 Adelphi Road
College Park, MD 20740
301-837-3290

Gerald R. Ford Library and Museum
Elaine K. Didier, *Director*

Gerald R. Ford Library
1000 Beal Avenue
Ann Arbor, MI 48109
734-205-0555

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

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

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

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

William J. Clinton Library
Terri Garner, *Director*
1200 President Clinton Avenue
Little Rock, AR 72201
501-374-4242

George W. Bush Library*
Alan C. Lowe, *Director*
1725 Lakepointe Drive
Lewisville, TX 75057
972-353-0545

*The Library is temporarily located in Lewisville, Texas. The permanent Presidential Center, including the archives and museum, will be located on the campus of Southern Methodist University in Dallas, Texas.

Copies of This Report

Our report is available on our web site at www.archives.gov/about/plans-reports/performance-accountability/. Links are provided to both the full report (Management's Discussion and Analysis [MD&A], Performance and Financial sections, and Other Accompanying Information) as well as this summary report (MD&A and auditor's report). Also located on that page are links to our Strategic Plan, annual performance plans, and past performance reports. We welcome your comments on how we can improve this report for FY 2013. Please e-mail any comments to performance@nara.gov.

Other Web Pages of Interest

Reports, Strategic Documents, Messages from the Archivist: Find the latest information regarding our mission, vision, and strategic initiatives.	www.archives.gov/about/
Web 2.0 and Social Media: Interact with NARA staff and visitors on Facebook, YouTube, Twitter, Flickr, NARA blogs, and more.	www.archives.gov/social-media/
Open Government and NARA: Learn how NARA is becoming more transparent, collaborative, and participative. Find high value datasets in XML for free download.	www.archives.gov/open/
The National Archives Experience: Participate in an interactive, educational experience about the power of records in a democracy and visit our award-winning site for teachers	www.archives.gov/national-archives-experience/ www.docsteach.org
Archival Holdings: Find records of interest in Washington, DC, the regional archives, and Presidential libraries, including the 1940 Census.	www.archives.gov/research/search/ www.1940census.archives.gov/
Presidential Libraries: Explore the history of our nation through the leaders who helped shape the world, including the new George W. Bush site.	www.archives.gov/presidential-libraries/ www.georgewbushlibrary.smu.edu/
Public Documents: By law, the U.S. Government Printing Office and the Office of the Federal Register at NARA partner to publish and disseminate the official text of Federal laws, Presidential documents, administrative regulations and notices, and descriptions of Federal organizations, programs and activities.	www.federalregister.gov www.ofr.gov www.fdsys.gov www.archives.gov/federal-register/ www.ecfr.gpoaccess.gov
Careers at NARA: Review current job openings and learn how to apply.	www.archives.gov/careers/
Visit NARA: Learn how to prepare for a research visit, about facility hours and locations, and more.	www.archives.gov/research/
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