



Audit of Controls over Loans of
NARA Holdings


August 26, 2021

OIG Audit Report No. 21-AUD-10



August 26, 2021

TO: David Ferriero
Archivist of the United States

FROM: Dr. Brett M. Baker 
Inspector General

SUBJECT: *Audit of Controls over Loans of NARA Holdings*
(OIG Audit Report No. 21-AUD-10)

Attached is the Office of Inspector General's final report of our audit of *Controls over Loans of NARA Holdings*. The report contains nine recommendations to strengthen management, oversight, and internal controls over NARA's loan program. Following the August 16, 2021, exit conference, agency staff indicated that they had no comments for inclusion in this report.

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

We appreciate the cooperation and assistance NARA extended to us during the audit. Please contact Jewel Butler, Assistant Inspector General for Audits, with any questions.

cc: Debra Wall, Deputy Archivist of the United States
William Bosanko, Chief Operating Officer
Micah Cheatham, Chief of Management and Administration
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Executive Summary

Audit of Controls over Loans of NARA Holdings

OIG Audit Report No. 21 AUD 10

August 26, 2021

Why Did We Conduct This Audit?

The National Archives and Records Administration's (NARA's) loan program makes NARA holdings available for exhibition at NARA and non-NARA facilities (borrowing institutions) in the United States and elsewhere. The program provides access to archival and museum holdings and promotes civic education and historical understanding of our national experience. It is necessary to maintain a balance between access, security, and preservation to ensure the national treasures NARA holds are preserved for future generations.

The NARA Office of Inspector General (OIG) performed this audit to determine whether proper controls were in place for loans of NARA holdings. Specifically, to determine whether controls were sufficient to account for, safeguard, and preserve loaned NARA holdings.

What Did We Recommend?

We made nine recommendations to strengthen management, oversight, and internal controls over NARA's loan program. Management concurred with the recommendations in this report.

What Did We Find?

NARA did not have sufficient internal controls to effectively oversee and manage loaned holdings. Specifically, loaned holdings were not centrally tracked; overdue loans were not reported; loaned holdings were not always valued or insured; initial or periodic inspections of borrowing institutions exhibition areas were not required; policies and procedures related to the loan program were outdated; and a long-standing Memorandum of Understanding for loan requests was outdated.

NARA did not have the appropriate oversight mechanisms in place to ensure management was performing and being held accountable for assigned responsibilities, including periodic reviews of policies and procedures. Without adequate oversight and management of the loan program, NARA lacks assurance that loaned holdings are adequately safeguarded and preserved for future generations.

Summary of Recommendations

Finding 1: Loaned Holdings Were Not Centrally Tracked

Number	Recommendation	Responsible Office
1	Establish a centralized mechanism to track loans, including the status of the loan (open, closed, and overdue) and related actions.	Chief Operating Officer

Finding 2: Overdue Loans Were Not Reported

Number	Recommendation	Responsible Office
2	Establish review and monitoring standards for loans and report the results of those activities.	Chief Operating Officer
3	Ensure Research Services and Legislative Archives, Presidential Libraries, and Museum Services report overdue loans as required.	Chief Operating Officer
4	Identify all overdue loans. Determine the actions needed for recovery of the loaned holdings, including consulting with the OIG. If recovery is not pursued, document the decision and reasons.	Chief Operating Officer and NGC

Finding 3: Loaned Holdings Were Not Always Valued or Insured

Number	Recommendation	Responsible Office
5	Establish standardized procedures for determining values of loaned holdings being loaned for exhibition purposes, including the source of the values and documentation requirements.	Chief Operating Officer

Finding 4: Initial or Periodic Inspections of Borrowing Institutions Exhibition Areas Were Not Conducted

Number	Recommendation	Responsible Office
6	Consider updating NARA 1612, <i>Exhibition Loans and Traveling Exhibits</i> , to include policies requiring initial and periodic inspections of borrowing institutions.	Chief Operating Officer

Finding 5: Policies and Procedures Were Outdated

Number	Recommendation	Responsible Office
7	Review, update, and implement revised policies and procedures related to the loan program including, NARA 1572, <i>Preventing Theft and Vandalism of NARA Holdings in NARA Facilities</i> , NARA 1611, <i>Loans of Archival Holdings to Federal Originators</i> , NARA 1611 Supplement, <i>Procedures for Loans to Originators</i> , NARA 1612, <i>Exhibition Loans and Traveling Exhibits</i> , NARA 1612 Supplement 1, <i>Procedures for Exhibition Loans</i> , and NARA 1702, <i>Transporting Holdings in NARA's Physical and Legal Custody</i> , to ensure they are reflective of current practices and the organizational structure.	Chief Operating Officer
8	Ensure current Research Services and Legislative Archives, Presidential Libraries, and Museum Services employees are familiar with and properly trained on the updated loan program.	Chief Operating Officer

Finding 6: Outdated Memorandum of Understanding

Number	Recommendation	Responsible Office
9	Ensure NARA coordinates with the Central Intelligence Agency (CIA), Central Imagery Office, and United States Geological Survey, to review, cancel, update, or create a new Memorandum of Understanding (MOU), <i>Declassified Imagery Transition</i> , or other appropriate instrument, which is equal with NARA's current operations for fulfilling loan requests.	Chief Operating Officer

Background

The National Archives & Records Administration's (NARA) loan¹ program makes NARA holdings available for exhibition at NARA and non-NARA facilities (borrowing institutions²) in the United States and elsewhere. The program provides access to archival and museum holdings and promotes civic education and historical understanding of our national experience. Examples of loaned holdings include the letters of President George Washington and Fredrick Douglas, President Franklin D. Roosevelt's leg braces, and President Dwight D. Eisenhower's Army Jacket. To ensure that these national treasures are preserved for future generations, it is necessary to maintain a balance between access, security, and preservation.

Borrowing institutions may obtain a loan of NARA holdings if they have an established exhibition program, comply with NARA's security and environmental requirements, and have a professional staff proficient in handling the requested materials. The borrowing institutions are responsible for the costs of reproductions, preparation of items for exhibition, NARA staff travel, packing, shipping, and insurance. Legislative Archives, Presidential Libraries, and Museum Services (L) and Research Services approve loan requests and ensure loans are properly documented and returned on the established due dates³ (see Table 1). When evaluating loan requests, NARA considers the borrowing institution's reputation, compliance with NARA requirements, and the exhibition for which the loan is proposed in relation to the availability, importance, stability, uniqueness, and value of the material being requested.

Table 1 – Number of Loans Issued by NARA Offices Fiscal Year (FY) 2017 – FY 2019

Office	FY 2017	FY 2018	FY 2019
Legislative Archives, Presidential Libraries, and Museum Services	120	137	102
Research Services	413	1,015	809

Source: NARA L, Research Services, and OIG analysis

¹ Temporary removal of holdings from NARA's physical custody to federal agencies and courts, the Supreme Court, and Congress for official business; to the President, Vice President, former Presidents or Vice Presidents or donors, or their designated representative; or to NARA and non-NARA organizations for exhibit purposes.

² A museum, archives, library, or other educational institution whose purpose for borrowing NARA holdings is temporary exhibition for educational purposes, including NARA custodial units borrowing from each other.

³ Loaned holdings may be exhibited for up to one year, but NARA may specify a shorter period for preservation purposes.

Preservations Programs (RX) develops preservation policy for handling, exhibition, and transportation of original NARA holdings, and acts as the technical consultant on preservation related exhibition, transportation, and handling requirements. The Security Management Division (BX) furnishes professional and technical advice on the design and construction of new or renovated archival exhibition facilities and conducts periodic building condition surveys of NARA facilities as outlined in NARA 1571, *Archival Storage Standards*. BX also reviews and recommends security requirements for exhibition and transport of Specially Protected Holdings⁴ (SPH), High Value holdings⁵, and holdings transported internationally. The Holdings Protection and Recovery Staff (CH) create a transport security plan prior to any transport of SPH or the transport of any NARA holdings internationally and assist program offices in determining whether an SPH item is of national historical significance or cultural sensitivity.

Directives significant to the loan program include:

- NARA 1572, *Preventing Theft and Vandalism of NARA Holdings in NARA Facilities* – security policy for NARA holdings in NARA facilities including holdings that need special protection and procedures that staff must use to implement the policy.
- NARA 1573, *Preservation, Security and Transportation Standards for Exhibition of Original NARA Holdings* – Establishes policy and procedures on preservation, security and transportation requirements for exhibiting or displaying any original holdings of the National Archives.
- NARA 1611, *Loans of Archival Holdings to Federal Originators*, and Supplement, *Procedures for Loans to Originators* – Policy and procedures for loans of records to the originating federal executive branch agencies and courts, the Congress, the Supreme Court, and other federal courts for which the records were accessioned or placed in NARA’s physical custody.
- NARA 1612, *Exhibition Loans and Traveling Exhibits*; and Supplement 1 – Establishes policy and procedures for exhibition loans and traveling exhibits utilizing original NARA holdings at NARA and non-NARA facilities.
- NARA 1702, *Transporting Holdings in NARA’s Physical and Legal Custody* – Establishes guidance to ensure the protection, physical safety, and return of holdings that are removed from a NARA facility.

A previous OIG report⁶ identified several deficiencies, including expired artifact loan agreements; artifacts on long-term loan without current condition assessments; and artifacts on loan without current photos on file. NARA OIG made 24 recommendations intended to assist

⁴ Unclassified holdings to which extra physical, intellectual and access controls are assigned because they bear exceptional intrinsic or monetary value, and are therefore subject to heightened risk of theft or vandalism.

⁵ Holdings to be of significant historic, legal, and/or monetary value.

⁶ Follow-up Review of OIG Audit Report No. 08-01: Audit of the Process of Safeguarding and Accounting for Presidential Library Artifacts (OIG Audit Report No. 12-10, September 13, 2012)

NARA management in improving program stewardship and mitigating the ongoing material weakness. When the OIG initiated this current audit, 5 of the 24 previous recommendations still remained open. During this audit, we closed one recommendation related to the loan program (see Appendix A).

Objectives, Scope, Methodology

Objective

The objective of this audit was to determine whether proper controls were in place for loans of NARA holdings. Specifically, to determine whether controls were sufficient to account for, safeguard, and preserve loaned NARA holdings.

Scope and Methodology

To accomplish our audit objective, we performed audit procedures at Archives I and II in Washington, D.C., College Park, Maryland, and from the auditors' approved COVID-19 public health emergency telework location, from June 2019 until January 2021.⁷

Specifically, we performed the following.

- Researched and identified applicable laws, regulations, NARA policies and procedures, and other requirements related to NARA's loan program activities.
- Obtained and analyzed information provided by NARA related to the universe of NARA's loan program for loans issued FY 2017 – FY 2019.
- Reviewed actions taken to close an outstanding recommendation relevant to the audit objective.
- Reviewed loan agreements, forms, applicable requirements, and technical guidance provided to entities that borrow NARA holdings.
- Conducted interviews of representatives from BX, Office of the Chief Operating Officer (C), CH, L, and Research Services Center to gain an understanding of NARA's loan program and internal controls related to the program.
- Assessed the internal controls identified to determine if the controls were sufficient to ensure that NARA can effectively manage and oversee the loan program.
- Conducted interviews, walkthroughs, and reviewed loan documents at nine judgmentally selected NARA offices, including Cartographic Branch (RRSC), Still Pictures Branch (RRSS), Textual Records Division (RR1 and RR2), and Archival Operations in Fort Worth (RRFF); four Presidential Libraries - George Bush (LP-GB), Harry S. Truman (LP-HST), Dwight D. Eisenhower (LP-DDE), and Lyndon B. Johnson (LP-LBJ); and Museum Program Division (LO). Due to the COVID-19 pandemic, we virtually conducted walkthroughs at Archival Operations in Philadelphia (RRFP), Archival Operations in Atlanta (RRFA), and Moving Image and Sound Branch (RRSM).

⁷ This audit was delayed/impacted by the COVID-19 pandemic and other unforeseen circumstances.

- Conducted sample testing of 41 out of approximately 2,600⁸ loans issued between FY 2017 and FY 2019, identifying controls in place to ensure effective oversight and management of the loans. The loans were judgmentally selected based on loan status and concerns of the Archivist. These samples were non-statistical and cannot be projected to the intended population.

To assess internal controls relative to our objective, we reviewed Research Services' and L's FY 2018, 2019, and 2020 Assurance Statements and Internal Control Reports. Management reported there is reasonable assurance that management controls were adequate and effective in ensuring that (1) programs achieved their intended results; (2) resources were used consistent with NARA's mission; (3) programs and resources are protected from waste, fraud and mismanagement; (4) laws and regulations are followed; and (5) reliable and timely information is obtained, maintained, reported and used for decisions. We assessed the control environment in accordance with the Government Accountability Office's (GAO's) *Standards for Internal Control in the Federal Government* and found the controls in place were not adequate to ensure the program achieved intended results. Specifically, we found policies and procedures were outdated and not reflective of current practices or reflective of NARA's organizational structure. Additionally, policies and procedures were not adhered to by L and Research Services. Further, NARA did not sufficiently design or maintain effective internal controls to ensure proper monitoring and oversight of the loan program that would adequately account for, safeguard, and preserve loaned holdings for future generations. These internal control weaknesses are reported below.

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

Kimberly Boykin, Audit Director; Kurt Thompson, (Lead) Senior Program Auditor; William Brown, Senior Program Auditor; Teresa Rogers, Senior Program Auditor, Andrew Clements, Senior Information Technology (IT) Auditor; Jina Lee, Senior IT Auditor; Alicia McNair, Senior Program Auditor; Kimberly Nikravesh, Senior Program Auditor; and Carol Seubert, Senior Financial Auditor, made key contributions to this report.

⁸ We did not assess the accuracy and completeness of the data NARA provided on the population of NARA loans. See Finding 1.

Audit Results

NARA did not have sufficient internal controls to effectively oversee and manage loaned holdings. Specifically, loaned holdings were not centrally tracked; overdue loans were not reported; loaned holdings were not always valued or insured; initial or periodic inspections of borrowing institutions exhibition areas were not required; policies and procedures related to the loan program were outdated; and a long-standing Memorandum of Understanding for loan requests was outdated. This occurred because NARA did not have the appropriate oversight mechanisms in place to ensure management was performing and being held accountable for assigned responsibilities including periodic reviews of policies and procedures.

GAO's *Standards for Internal Control in the Federal Government* states management (1) periodically reviews policies, procedures, and related control activities for continued relevance and effectiveness in achieving the entity's objectives or addressing related risks and (2) acts as necessary to address any deviations from the established policies. Additionally, Office of Management and Budget (OMB) Circular A-123, *Management's Responsibility for Internal Control*, states management is responsible for establishing and maintaining internal controls to achieve specific internal control objectives related to operations, reporting, and compliance. Without adequate oversight and management of the loan program, NARA lacks assurance that loaned holdings are adequately safeguarded and preserved for future generations.

Finding 1. Loaned Holdings Were Not Centrally Tracked

NARA's loan holdings data was not readily available. This occurred because NARA's loan program was operated in a decentralized manner. NARA 1611, *Loans of Archival Holdings to Federal Originators*, and NARA 1612 Supplement 1, *Procedures for Exhibition Loans*, requires Research Services and L to:

- document and track the status of loans, preferably in a loan database;
- maintain a dossier of decisions and actions taken; and
- monitor all outstanding loans and arrange with the borrower for their return to NARA in accordance with terms of the loan agreement.

Without centrally tracking or maintaining loan activity the agency is unable to monitor, analyze, and report on loan activity, including the total number of loans issued, opened, closed, and overdue.

NARA did not maintain a consolidated listing of loaned holdings, including the total number of loans issued, opened, closed, and overdue for FY 2017 through FY 2019. This data was not centrally tracked and maintained at either the agency or office (L or Research Services) level.

Instead L's LP and LO used The Museum System (TMS) and a spreadsheet, respectively, to track loans. Conversely, Research Services' Field Records Division loans were individually tracked by each Archival Operations location in various formats including spreadsheets, hand written logs, and written responses.

Recommendation

We recommend the Chief Operating Officer:

Recommendation 1: Establish a centralized mechanism to track loans, including the status of the loan (open, closed, and overdue) and related actions.

Finding 2. Overdue Loans Were Not Reported

L's LP and Research Services' Archival Operations locations did not report overdue loans as required. This occurred because NARA lacked sufficient oversight of loans. NARA 1611, NARA 1611 Supplement, *Procedures for Loans to Originators*, NARA 1612, *Exhibition Loans and Traveling Exhibits*, and NARA 1612 Supplement 1, requires Research Services and L to:

- report quarterly to the Archivist all overdue loans, including a narrative and documentation of steps that the custodial unit has taken to recover the loan; and
- Consult with NGC when loans are overdue.

Additionally, NGC makes recommendations to the Archivist for further action on those loans and the OIG must be notified when it is established that a holding is missing or possibly stolen. Not reporting overdue loans leaves NARA's loan holdings at increased risk of non-recovery.

We reviewed 12 Archival Operations locations and Presidential Libraries, noting only four documented the total number of overdue loans on a quarterly basis in accordance with guidance. However, these reports were not always current. Of the Archival Operations locations reviewed, we identified 25 loans (see Table 2) that were provided to the OIG as overdue (one loaned over 30 years ago). Archival Operations in Philadelphia identified 15 overdue loans that were last reported in a FY 2013 quarterly report, which was also NARA's last attempt to recover those holdings. Archival Operations in Atlanta also identified 10 overdue loans, which were last reported in a FY 2015 quarterly report. Four of the 10 loans were classified as unrecoverable because the holdings were lost or misplaced. While these Archival Operations locations identified the loans as overdue, we found the 25 overdue loans were no longer reported to the Archivist. Additionally, the loans were not reported to General Counsel (NGC) or the OIG.⁹ NARA officials indicated they were unaware of guidance directing them to contact any other office within NARA if holdings were not returned.

Table 2 - Outstanding Loans at Archival Operations Locations

Archival Operations Location	Number of Overdue Loans	Types of Records Overdue	Last Quarterly Report
Philadelphia	15	Criminal and civil court dockets and briefs	FY 2013
Atlanta	10	Criminal and civil court dockets, Roll of Ordnance Drawings, and Draft Cards	FY 2015

Source: NARA Research Services and OIG analysis

⁹ During the course of the audit the OIG's Office of Audit referred the Atlanta and Philadelphia loan information to the OIG's Office of Investigations as the loans still had not been reported.

In FY 2019, the Chief Operating Officer (COO) initiated steps to implement additional controls over the loan program due to concerns regarding (1) loans issued without the knowledge of the COO and the Archivist, (2) transporting loan holdings, and (3) consulting with LO, Holdings Protection, and Preservation Programs. To address these concerns, the COO initiated oversight efforts by:

- approving loans issued by LO¹⁰;
- requiring LO to report all outstanding loans on a quarterly basis, including overdue loans;
- developing and circulating for comment Supplement to NARA 1702, *Transporting Holdings in NARA's Physical and Legal Custody*.¹¹;
- requiring fine art shippers to deliver some loan holdings to borrowing institutions; and
- including CH in the loan approval process via the Loan Review Form (NA 16009).

However, Presidential Libraries and Research Services' Field Records Division were not required to report their outstanding loans to the COO, nor did these offices comply with NARA 1612 Supplement 1 and NARA 1611 Supplement responsibilities for reporting overdue loans.

Recommendations

We recommend the Chief Operating Officer:

Recommendation 2: Establish review and monitoring standards for loans and report the results of those activities.

Recommendation 3: Ensure Research Services and Legislative Archives, Presidential Libraries, and Museum Services report overdue loans as required.

We recommend the Chief Operating Officer and NGC:

Recommendation 4: Identify all overdue loans. Determine the actions needed for recovery of the loaned holdings, including communicating with the OIG. If recovery is not pursued, document the decision and reasons.

¹⁰ The COO began approving all LO (DC area) loans during the Pandemic (beginning in March 2020). Prior to then (in 2019), he was approving, along with the Archivist, only international loans and high-profile loans of marquee level documents.

¹¹ Finalization of the Supplement was delayed due to COVID-19 facility closures and reprioritization.

Finding 3. Loaned Holdings Were Not Always Valued or Insured

Loaned holdings were not always valued or insured. This occurred because staff was not properly trained and aware of NARA 1612 requirements. NARA 1612 requires insurance values be assigned and Certificates of Insurance be on file for externally loaned holdings. In the absence of the proper insurance, NARA may not be adequately compensated if holdings are lost or damaged.

We reviewed 41 loans and found the following (see Figure 1):

- 6 of the 41 (15%) loans did not have insurance values;
- 9 of the 41 (22%) loans did not include Certificates of Insurance listing NARA or the United States Government as the beneficiary; and
- 11 of the 41 (27%) loans did not have valuations conducted to support the values assigned.

Table 3 - Loans Not Valued or Insured

Location	Total Loans Reviewed	No insurance	No Certificates	No Valuations
LO	4	0	0	0
RRSC	4	0	0	0
RRSS	5	0	0	0
RR1 and RR2	3	3	0	0
RRFF	6	2	3	3
LP-GB	5	0	3	5
LP-HST	5	0	2	0
LP-DDE	5	0	0	0
LP-LBJ	4	1	1	3
Total	41	6	9	11

Source: OIG analysis

NARA officials indicated valuations were not conducted because funding was not available for appraisers. However, we found no evidence to support funds were requested. NARA based the value of each loan on similarly valued items previously loaned, or listed on the internet. They also used blanket valuations known to staff.

Recommendation

We recommend the Chief Operating Officer:

- Recommendation 5:** Establish standardized procedures for determining values of holdings being loaned for exhibition purposes, including the source of the values and documentation requirements.

Finding 4. Initial or Periodic Inspections of Borrowing Institutions Exhibition Areas Were Not Conducted

NARA did not conduct initial or periodic inspections of borrowing institutions to ensure NARA loaned holdings are in exhibition areas that comply with NARA's storage and environmental standards. This occurred because NARA relied on borrowing institutions to ensure compliance with NARA's storage and environmental standards. NARA 1612 indicates borrowing institutions must meet NARA requirements for security, environment, physical care, and transportation to qualify for loaned original holdings. Additionally, NARA 1612 states Preservation Programs, staff from custodial units or other personnel designated by NARA may inspect exhibition spaces or a proposed exhibit venue prior to or during the exhibition loan process. In the absence of initial or periodic inspections, NARA has limited assurance holdings are safeguarded and stored in appropriate archival storage conditions that prevent damage.

NARA relies on the borrowing institution's American Alliance of Museums (AAM) Checklist to ensure compliance with NARA's requirements. However, the AAM checklist is a self-certification, and there is no guarantee that the information provided by the borrowing institution represents a complete and valid representation of the facility, security systems, and the care provided to loaned holdings. NARA officials indicated inspections have occurred when there was a problem with a loan or NARA employees performing courier duties traveled to borrowing institutions to oversee the unloading and installation of NARA holdings. Those inspections included checking the relative humidity, temperature, and lighting levels of the exhibition areas.

Recommendation

We recommend the Chief Operating Officer:

Recommendation 6: Consider updating NARA 1612, *Exhibition Loans and Traveling Exhibits*, to include policies requiring initial and periodic inspections of borrowing institutions based on risk.

Finding 5. Policies and Procedures Were Outdated

NARA's loan policies and procedures were outdated. This occurred because NARA did not have the appropriate oversight mechanisms in place to ensure periodic reviews of policies and procedures. NARA 111, *NARA Directives*, states directives are to be reviewed at least every two years from the date of signature and updates coordinated. Application of inconsistent and outdated policies and procedures may result in inefficiencies in the effective administration of NARA's loan program.

NARA 1702, *Transporting Holdings in NARA's Physical and Legal Custody*, NARA 1611 and Supplement, and NARA 1612 and Supplement 1, have not been updated in 31, 21, and 10 years, respectively. In addition, we found the following deficiencies.

- NARA 1572, *Preventing Theft and Vandalism of NARA Holdings in NARA Facilities*, responsibilities were assigned to the access coordinator, a position that no longer exists. (July 2017)
- NARA 1611 assigned responsibilities to the Security Management Division. However, since NARA's reorganization, these responsibilities have been shifted to CH (September 2009)
- NARA 1612 includes responsibility assigned to obsolete program offices, or old program office codes, including the Office of Records Services, Washington, DC (NW), Office of Presidential Libraries (NL), Office of Regional Records Services (NR), NL Library directors, NR regional administrators, NWE director (NW), Preservation Programs (NWT), Space and Security Management (NAS). (December 2010)
- NARA 1702 also includes responsibility assigned to obsolete program offices, or old program office codes, including NL, NR, NW custodial units, Public Programs (NWE), and the Initial Processing/Declassification Division (NWMD). (September 1999)

Recommendations

We recommend the Chief Operating Officer:

Recommendation 7: Review, update, and implement revised policies and procedures related to the loan program including, NARA 1572, *Preventing Theft and Vandalism of NARA Holdings in NARA Facilities*, NARA 1611, *Loans of Archival Holdings to Federal Originators*, NARA 1611 Supplement, *Procedures for Loans to Originators*, NARA 1612, *Exhibition Loans and Traveling Exhibits*, NARA 1612 Supplement 1, *Procedures for Exhibition Loans*, and NARA 1702, *Transporting Holdings in NARA's Physical and Legal Custody*, to ensure they are reflective of current practices and the organizational structure.

Recommendation 8: Ensure current Research Services and Legislative Archives, Presidential Libraries, and Museum Services employees are familiar with and properly trained on the updated loan program policies and procedures.

Finding 6. Outdated Memorandum of Understanding

NARA's Memorandum of Understanding (MOU), *Declassified Imagery Transition*, with the Central Intelligence Agency (CIA), Central Imagery Office, and United States Geological Survey was outdated. This occurred because NARA did not implement controls to periodically review and update, as necessary, the terms and conditions of the MOU. GAO's *Standards for Internal Control in the Federal Government* states management periodically reviews policies, procedures, and related control activities for continued relevance and effectiveness in achieving the entity's objectives or addressing related risks. Without revisiting the current MOU, NARA potentially incurred increased labor costs that otherwise could be reimbursable.

In 1995, NARA entered into the MOU for the preservation of and public access to declassified remote sensing imagery and supporting data for historical, scientific, and technical purposes. Under the terms and conditions of the MOU, which has no expiration date, NARA became the main repository for approximately one million images and the Freedom of Information Act Agency of Record for this data. The MOU requires NARA to complete loan requests from the Intelligence community within 24 hours of the request. In line with the MOU, NARA is not compensated for the work performed.

In the past 25 years loan requests from the National Geospatial Intelligence Agency (NGA), the only agency submitting requests, have drastically increased from when the original MOU was created, requiring additional resources. Originally, NARA fulfilled approximately 200 loan requests annually, but in the past few years NARA has seen an increase in the loan requests (see Table 3).

Table 4 - Loan Requests Processed under MOU

FY	# of Requests Processed	% Increase
2016	492	146%
2017	281	41%
2018	579	190%
2019	706	253%
2020 (through March 2020)	258	29%

Source: NARA Research Services and OIG analysis

Although loan requests have increased, NARA has not initiated formal discussions internally nor with responsible parties about the increase in loan requests and additional NARA resources needed to fulfill the requests. Instead, in response to the increased volume of loan requests, a

Research Services Archives Specialist in College Park, Maryland now dedicates 25% of their time to fulfilling the requests. In addition, loan requests for aerial film from cold storage account for approximately 10% of production time of two Agency Services employees, a Supervisory Archivist and an Archives Technician, at the Lenexa Federal Records Center. A NARA official estimated that in FY 2019, NARA spent approximately \$46,000 in labor hours under the MOU. Additional costs of \$17,000 were expended for preparation, conservation, and shipping of aerial film. Since the FRC program is a full cost recovery revolving fund, all costs expended by the FRC are billed to Research Services.

Recommendation

We recommend the Chief Operating Officer:

Recommendation 9: Ensure NARA coordinates with the Central Intelligence Agency (CIA), Central Imagery Office, and United States Geological Survey, to review, cancel, update, or create a new Memorandum of Understanding (MOU), *Declassified Imagery Transition*, or other appropriate instrument, which is equal with NARA's current operations for fulfilling loan requests.

Appendix A – Prior Audit Recommendations

The status of the recommendations from the *Follow-up Review of OIG Audit Report No. 08-01: Audit of the Process of Safeguarding and Accounting for Presidential Library Artifacts* (OIG Audit Report No. 12-10, September 13, 2012).

Rec. No.	Recommendation Text	Status
1a	To correct recommendations identified in OIG Report No. 08-01 we recommend the Executive for Legislative Archives, Presidential Libraries, and Museum Services ensure: The remaining five libraries complete base-line inventories as expeditiously as possible with master copies forwarded to LP in order to complete Recommendations 1a and 1b from prior audit report OIG #08-01.	Closed
1b	The remaining five libraries performing base-line inventories complete legacy reconciliation to identify discrepancies as expeditiously as possible and all libraries with identified discrepancies take action to resolve the discrepancies in order to complete Recommendation 1c from prior audit report OIG #08-01.	Closed
1c	The Reagan Library (LP-RR) has taken all appropriate action to resolve the 1,700 identified anomalies in order to complete Recommendation 5b from prior audit report OIG #08-01.	Closed
1d	The time-lapse between inventory cycles is completed in a timelier manner than the current guide of seven to ten years for libraries with larger collections or an analysis has been completed to indicate that the current guidance is appropriate in order to complete Recommendation 1d from prior audit report OIG #08-01 (see Recommendation 2 below). OIG Audit Report No. 12-10 10	Closed
1e	Interim steps are developed to document and monitor deleted records from the current collections database system or a replacement database is implemented in order to complete Recommendation 2a from prior audit report OIG #08-01. Specifically, a manual system of recording deleted records should be developed and deletion rights to the collections database system should be assigned to personnel other than the museum staff.	Closed
1f	Photographs of all V/V artifacts and artifacts on loan are completed and all libraries establish plans to photograph their remaining collection in order to complete Recommendation 2c from prior audit report OIG #08-01.	Closed
1g	The detailed policies and procedures for de-accessioning artifacts are finalized in order to complete Recommendation 3 from prior audit report OIG #08-01.	Closed
1h	Appropriate storage hardware for the Reagan Library is procured and installed in order to complete Recommendation 5d from prior audit report OIG #08-01.	Closed
2a	The Executive of Legislative Archives, Presidential Libraries, and Museum Services a) Develop and identify an appropriate staffing plan for museum operations. The staffing plan should (1) align with collection sizes, and life cycles, and (2) should include temporary staff or other	Closed

	staffing alternatives to support collection inventories and other core collection work, and (3) should identify the planned inclusive time periods devoted to the collection inventory.	
2b	b) Review and revise current time-guidance policy, as appropriate, for base-line inventories for newly established Presidential Libraries.	Open
3a	Executive for Legislative Archives, Presidential Libraries, and Museum Services a) Clarify/develop guidance regarding the process for resolving and managing outstanding anomalies at the completion of the base-line inventory including procedures to report all missing artifacts to the OIG and Holdings Protection Team.	Closed
3b	Develop a format for reporting anomalies that includes a curatorial ranking or other characterization of open anomalies.	Closed
4	Executive for Legislative Archives, Presidential Libraries, and Museum Services develop management controls to minimize the risks associated with a lack of separations of duty over the safeguarding of Presidential artifacts.	Closed
5a	Executive for Legislative Archives, Presidential Libraries, and Museum Services ensure policies associated with Presidential V/V artifacts classification on annual inventory processes are strengthened by: a) Clarifying policy concerning what should be classified as a V/V artifact. The policy should not attempt to “narrow the focus” of this classification because of additional resource needs. Rather, an appropriate list needs to be developed to ensure those artifacts requiring additional stewardship measures are included.	Closed
5b	Developing documentation guidelines that identify the importance of supporting the conclusions reported on the annual V/V reports. When counting objects, the support documentation should show the same count.	Closed
5c	Developing an annual V/V report format that prompts the preparer of the report to include the requested data.	Closed
6a	Executive for Legislative Archives, Presidential Libraries, and Museum Services ensure separation of duty policies are developed and efforts to minimize the possible unauthorized removal of Presidential gifts from courtesy storage with compensating controls such as (1) adding security camera in the storage vault; (2) setting policy for two-person minimum in the vault at all times; and (3) re-assignment of deletion rights to someone that does not have access to Presidential gifts.	Closed
6b	Reconciliation procedures between the completed inventories and White House legacy documentations for both Bush (43) and Obama Administrations as a compensating management control until the separation of duties issues at LM are mitigated.	Closed
6c	Policy is developed for a security escort when picking up HVO gifts from the White House for courtesy storage at NARA.	Closed
7a	Executive for Legislative Archives, Presidential Libraries, and Museum Services ensure policies and procedures are clarified and re-iterated to library personnel concerning (1) sequestration of museum artifacts from library personnel other than museum personnel; (2) procedures to periodically review access logs and security camera tapes to ensure the museum collections storage areas from unauthorized access by security personnel or other persons; (3) key control programs are appropriately maintained; (4) security cameras are operational and are appropriately	Open

	focused on high-value object; and (5) procedures to monitor off-hours night security guard staff to ensure roving patrols are being completed according to the security contract	
7b	Policies and procedures for Presidential Library artifacts on long-term loan are re-iterated and disseminated to library personnel concerning (1) the annual update of loan agreements and (2) requirements for long-term loans including photo requirements and annual condition assessments. Further, LP should either establish time caps on long-term loans or periodically request temporary return of the item for condition assessments.	Closed
7c	Re-iteration of NARA policy to adequately back-up inventory-related collection documentation.	Closed
8a	Executive for Legislative Archives, Presidential Libraries, and Museum Services ensure an updated comprehensive set of museum collection management policies and procedures are developed.	Open
8b	Establish procedures to periodically review, and if necessary, revise said policies and procedures.	Open

Appendix B – Acronyms

AAM	American Alliance of Museums
BX	Security Management Division
C	Office of Chief Operating Officer
CH	Holdings Protection
CIA	Central Intelligence Agency
COO	Chief Operating Officer
FY	Fiscal Year
GAO	Government Accountability Office
HVO	High Value Object
IT	Information Technology
LM	Presidential Materials Division
LP	Office of Presidential Libraries
LP-DDE	Dwight D Eisenhower Library and Museum
LP-GB	George Bush Library and Museum
LP-HST	Harry S. Truman Library and Museum
LP-LBJ	Lyndon B. Johnson Library and Museum
LP-RR	Ronald Reagan Presidential Library
L	Legislative Archives, Presidential Libraries, and Museum Services
LO	Museum Programs Division
LP	Office of Presidential Libraries
MOU	Memorandum of Understanding
NARA	Nationals Archives and Records Administration
NAS	Space and Security Management
NGA	National Geospatial - Intelligence Agency
NGC	General Counsel
NL	Office of Regional Records Services
NR	Office of Regional Records Services
NW	Office of Records Services, Washington DC
NWE	Center for the National Archives Experience
NWMD	Initial Processing/Declassification Division
NWT	Preservation Programs
OIG	Office of Inspector General
OMB	Office of Management and Budget
R	Office of Research Services
RRSC	Cartographic Branch
RRSM	Moving Image and Sound Branch
RRSS	Still Pictures Branch

RR1 and RR2	Archives I and Archives II Textual Records Division
REFA	Archival Operations in Atlanta
RRFP	Archival Operations in Philadelphia
RR-FF	Archival Operations in Fort Worth
RX	Preservation Programs
SPH	Specially Protected Holdings
TMS	The Museum System
V/V	Valuable and Vulnerable Artifact

Appendix C – Agency Comments

An exit conference was held with the agency on August 16, 2021. Prior to this meeting, agency management reviewed a discussion draft and provided comments that have been incorporated into this report, as appropriate. Agency management stated their general agreement with the findings and recommendations and opted not to provide formal comments for inclusion in this report.

Appendix D – Report Distribution List

Archivist of the United States
Deputy Archivist of the United States
Chief Operating Officer
Chief of Management and Administration
Executive for Research Services
Executive for Legislative Archives, Presidential Libraries, and Museum Services
Deputy for Archival Operations in Research Services
Deputy Director for Legislative Archives, Presidential Libraries, and Museum Services
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