



Audit of NARA's Records Disposal Processes


September 7, 2021

OIG Audit Report No. 21-AUD-12



September 7, 2021

TO: David Ferriero
Archivist of the United States

FROM: Dr. Brett M. Baker 
Inspector General

SUBJECT: *Audit of NARA's Records Disposal Processes*
OIG Audit Report No. 21-AUD-12

Attached is the Office of Inspector General's final report of our *Audit of NARA's Records Disposal Processes*. The report contains thirteen recommendations to strengthen NARA's internal controls over disposal of Federal records in Federal Records Centers. Agency staff indicated 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
Jay Trainer, Executive for Agency Services
Stefanie Hutchins, Agency Services Chief of Staff
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Table of Contents

Executive Summary	4
Summary of Recommendations	5
Background	6
Objective, Scope, Methodology	9
Audit Results	11
Finding 1. Efficiency of Disposals could be Improved	11
Recommendations.....	14
Finding 2. Unreported Unauthorized Disposals	15
Recommendations.....	16
Finding 3. Disposal Documentation Procedures could be Enhanced	17
Recommendations.....	18
Finding 4. Disposal Procedures could be Enhanced.....	19
Recommendations.....	20
Appendix A – Acronyms	22
Appendix B – Agency Comments	23
Appendix C – Report Distribution List	24

Executive Summary

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Why Did We Conduct This Audit?

The National Archives and Records Administration's (NARA) Office of Inspector General (OIG) conducted the audit to determine whether adequate controls are in place for disposing of Federal records in NARA's custody at Federal Records Centers (FRC). An effective records disposition program is key to successful records management, conforms to Federal regulations, and saves Federal agencies in storage costs. Agency Services assessed erroneous disposals of Federal records to be the office's highest risk.

What Did We Recommend?

We made 13 recommendations to strengthen NARA's internal controls over disposal of Federal records in FRCs. Management concurred with the recommendations in this report.

What Did We Find?

Internal control challenges exist in NARA's records disposal process resulting in delays. We found expired disposal contracts, and timeliness issues related to Eligible Federal Records Not Concurred for Disposal, Disposal Eligibility Error Reviews (DEER), Disposal Concurrence Reviews (DCR), and Approved Transfers. These internal control challenges occurred due to limited internal and oversight controls. Untimely disposals limit space availability for incoming federal records, and increase potential Freedom of Information Act (FOIA) and discovery costs.

NARA did not consistently report instances of unauthorized disposals in its FRCs to the Inspector General (IG), as required. The unauthorized disposals were not reported because NARA lacked adequate management oversight to ensure proper notifications were made. Without awareness of unauthorized disposals, the OIG is hindered from carrying out its investigative duties to deter and prevent fraud, waste, and abuse related to the safety and security of agency records.

Additionally, FRCs disposal packages were not always complete. Disposal documentation was not always maintained electronically. The condition occurred because of ARCIS limitations was not setup to produce required reports) and disposal procedures did not clearly define documentation requirements. Without sufficient disposal documentation, NARA lacks sufficient, auditable history of the authorization and performance of disposal work.

Further, while Agency Services has implemented disposal procedures and been proactive in revising those procedures, additional controls are necessary to enhance its disposal program. Specifically, controls were insufficient over ARCIS functions, quarterly disposal audits, and program reviews. The conditions occurred due to historical workflows of other agencies, personnel departure, lack of management oversight, and a limited travel budget. Without enhanced disposal procedures, NARA experiences increased administrative burden and lacks assurance its disposal activities are being administered properly.

Summary of Recommendations

Finding 1: Efficiency of Disposals could be Improved

Number	Recommendation	Responsible Office
1	Develop a plan to reduce NARA's internal physical disposal backlog.	Agency Services
2	Develop a strategy to work with Federal agencies to reduce the eligible disposal backlog.	Agency Services
3	Develop a plan to rectify Records Transmittal and Receipt, SF-135, attachment issues at the WNRC.	Agency Services

Finding 2: Unreported Unauthorized Disposals

Number	Recommendation	Responsible Office
4	Review policies and procedures and determine which internal stakeholders, including the IG, should be notified and revise policies and procedures as necessary.	Agency Services

Finding 3: Disposal Documentation Procedures could be Enhanced

Number	Recommendation	Responsible Office
5	Prioritize creation of DEER and DCR Audit Reports under the ARCIS contract.	Agency Services
6	Implement timeframes for completion of disposal documentation packages.	Agency Services
7	Develop a plan to transition disposal documentation to fully electronic recordkeeping.	Agency Services

Finding 4: Disposal Procedures could be Enhanced

Number	Recommendation	Responsible Office
8	Develop a strategy to transition agencies to use the ARCIS Customer Portal Disposition Module.	Agency Services
9	Develop and implement an ARCIS internal user manual.	Agency Services
10	Revise procedures to strengthen controls over quarterly disposal audits.	Agency Services
11	Develop a strategy to conduct more frequent virtual oversight program review activities.	Agency Services
12	Implement procedures requiring the results of program reviews to be shared with all FRCs.	Agency Services
13	Implement procedures for FRCs to certify their review of shared program review results and efforts made to remediate any deficiencies.	Agency Services

Background

Title 44 United States Code (U.S.C.), Chapter 33 states in Section 3302 the Archivist of the United States (Archivist) “shall promulgate regulations” establishing: (1) procedures for the compiling and submitting to the Archivist of lists and schedules of records proposed for disposal; and (2) procedures for the disposal of records authorized for disposal. The Archivist shall promulgate schedules authorizing the disposal, after the lapse of specified periods of time, of records of a specified form or character common to several or all agencies if such records will not, at the end of the periods specified, have sufficient administrative, legal, research, or other value to warrant their further preservation by the United States Government.

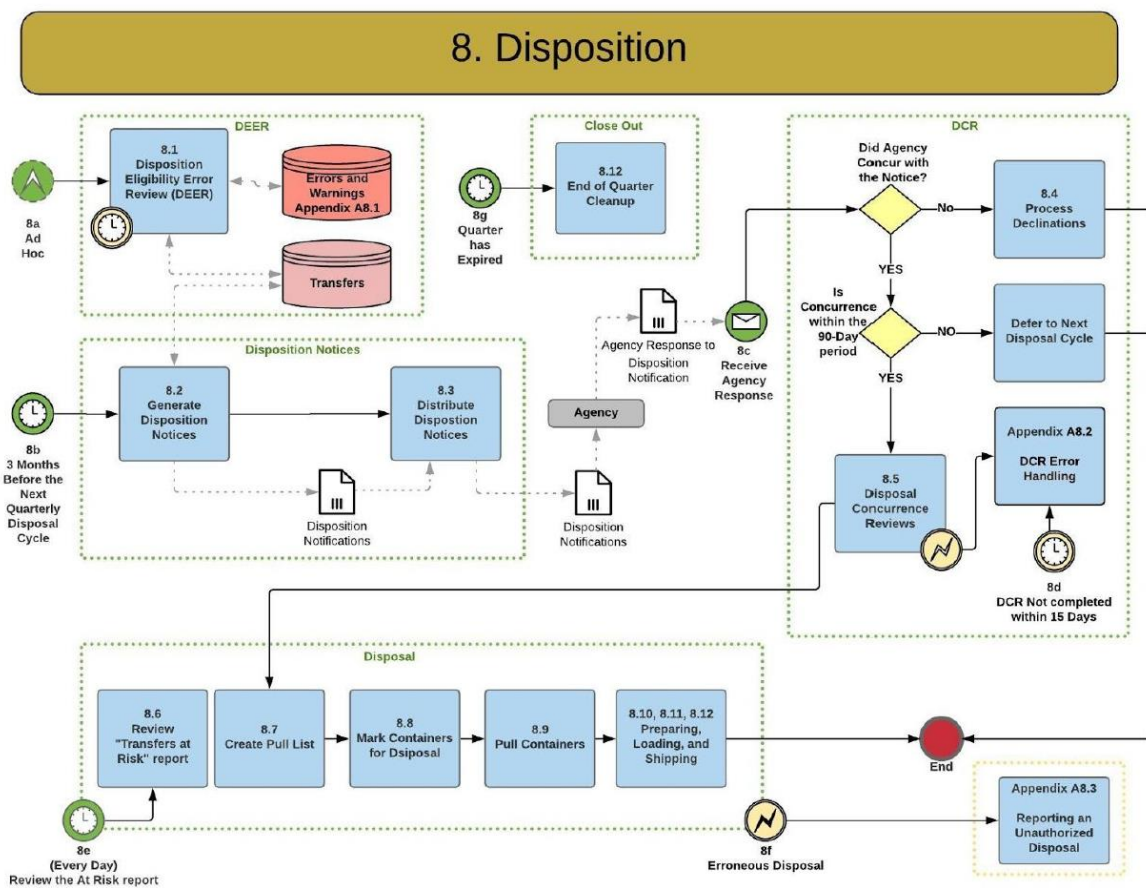
The National Archives and Records Administration (NARA) stores and services nearly 28 million cubic feet of other agencies’ records (temporary and permanent), on a reimbursable basis, through the Federal Records Centers Program (FRCP). The FRCP is located within NARA’s Agency Services, which leads NARA’s efforts to meet the ongoing records management needs of the Federal Government and represent the public interest in the accountability and transparency of this management. The FRCP stores temporary records that must be retained for a period of years before disposal and manages records disposition schedules for customer Federal agencies, by disposing of records that no longer have current or historical value at the end of their retention period. With 18 facilities across the country, the budget for the FRCP was nearly \$197.9 million in Fiscal Year (FY) 2021, with 1,180 full-time equivalents.

When a Federal agency transfers records to a Federal Records Center (FRC), it must ensure NARA-approved retention periods are implemented properly and that records documenting final disposition actions (destruction or transfer to NARA) are created and maintained. NARA Directive 1464 (NARA 1464), *Destruction of Federal Records in the Custody of NARA’s Records Centers*, establishes NARA’s policy for disposing of Federal records in the custody of NARA’s records centers. NARA 1464 states records generally may be destroyed only if: (1) the records have reached the end of their retention period of a NARA-approved records schedule; (2) the FRC has received written agency concurrence of destruction; and (3) the records are not under an order preventing destruction. Under NARA Directive 1463, *Unauthorized Destruction or Removal of Records in the Legal or Physical Custody of Federal Agencies*, any unauthorized disposals in FRCs are to be reported to NARA management.

Disposal Process

NARA further expands upon policies and procedures for disposal in its NARA 1464 Standard Operating Procedures (SOP), which details all the processes undertaken by FRC staff when performing disposal activities (see Figure 1).

Figure 1 – Disposition Process Flowchart



Source: NARA 1464 Standard Operating Procedure

NARA operates on quarterly disposal cycles.¹ To prepare transfers for the upcoming disposal cycle, FRC staff perform the Disposal Eligibility Error Review (DEER) process. The DEER process focuses on preparing as many eligible transfers as possible for the generation of disposition notifications. The FRCP’s National Transfer and Disposition (NTD) team will generate and transmit disposition notifications to Federal agencies for all transfers eligible for disposal in the next cycle (e.g. transfers eligible April 1 will be sent to agencies January 1). Agencies will either concur with the disposal or decline the disposal of the transfers on the disposition notices. If declined, FRC staff process the declination in the Archives and Records Centers Information System (ARCIS) and the transfer will move to a future disposal cycle. If concurred, FRC staff perform the Disposal Concurrence Review (DCR) process, where at least two individuals review the transfers and confirm attachments, resolve any errors or warnings, and verify ARCIS data. The second reviewer will approve or disapprove the transfer for disposal. Once approved, the transfer will be added to the pull sheet which staff generate in ARCIS when

¹ Disposal cycles start on January 1, April 1, July 1, and October 1.

performing physical disposal. FRC staff physically remove transfers from shelves, stack transfers on pallets, and load pallets onto trucks for shipment to a disposal contractor (see Figure 2).

Figure 2 – Pallet of transfers loaded on disposal truck at WNRC



Source: Auditor photograph at Washington National Records Center, November 17, 2020.

Once the transfers have left the FRC on the truck, FRC staff changes the transfer status in ARCIS to Disposed. All documentation and artifacts related to the disposed transfers are gathered by FRC staff and saved in disposal documentation packages. The packages create an auditable package illustrating the FRC's due diligence in ensuring disposals were authorized and performed. NARA 1464 SOP details documentation required to be kept including various ARCIS reports, evidence of agency concurrence, shipping documents, disposal certifications, and returned truck seals (see Figure 3).

Figure 3 – Truck Seals



Source: Auditor photograph at Washington National Records Center, November 17, 2020.

Objective, Scope, Methodology

Objective

The objective of this audit was to determine whether adequate controls were in place for disposing of Federal records in NARA's custody.

Scope and Methodology

To accomplish our audit objective, we performed audit procedures from the auditor's approved COVID-19 public health emergency telework location and at the Washington National Records Center (WNRC) in Suitland, Maryland. The audit was performed from July 2020 through January 2021. Specifically, we performed the following:

- Reviewed Title 44 U.S.C. Chapter 33, and various Title 36 Code of Federal Regulations (C.F.R.) parts on disposals.
- Reviewed NARA Directives 1463 and 1464 to determine policies in place. Reviewed the supplements and memorandums attached to the policies.
- Reviewed NARA 1464 Standard Operating Procedure (SOP) to determine procedures in place in support of NARA 1464 policy.
- Reviewed FRCP internal memorandums to staff, training presentations, and other internal documentation.
- Reviewed disposal contracts, Performance Work Statement, Statement of Work, Requests for Quotations, Inter-Agency Agreements, and supporting documentation.
- Reviewed NTD's weekly Disposal Snapshot Reports and performed timeliness testing on DEER and DCR work.
- Interviewed various officials within Agency Services to obtain an understanding of the design and internal control of NARA's records disposal program.
- Performed walkthrough of the ARCIS system and the physical disposal process at the WNRC to confirm our understanding of the design and implementation of specified internal control components.
- Reviewed organizational charts, ARCIS reports and data, internal control reports, risk assessments, and program review reports.
- Tested disposal documentation compliance at the WNRC.

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 objective. In planning and performing our audit, we

identified the following internal control components and underlying internal control principles as significant: *Control Environment*, *Control Activities*, *Information and Communication*, and *Monitoring* to the audit objective. We assessed the design, implementation, and operating effectiveness of these internal controls and identified deficiencies we believe could affect NARA's ability to effectively and efficiently operate its disposal program, and to comply with disposal procedure requirements. The internal control deficiencies we found are discussed in the Audit Results section of this report. However, because our review was limited to aspects of these internal control components and underlying principles, it may not have disclosed all internal control deficiencies that may have existed at the time of this audit.

Kimberly Boykin, Audit Director, William Brown, (Lead) Senior Program Auditor; and Alicia McNair, (Independent Referencer) Senior Program Auditor, made key contributions to this report.

Audit Results

While NARA designed controls for records disposal, additional controls are necessary to provide adequate internal control over disposal of records in NARA's FRCs. In addition, NARA sufficiently established the structure, responsibilities, and authorities for the records disposal program. However, NARA needs improvement in the implementation of control activities, internal and external communication, and monitoring processes.

Finding 1. Efficiency of Disposals could be Improved

Internal control challenges exist in NARA's records disposal process resulting in delays. We found expired disposal contracts, and timeliness issues related to Eligible Federal Records Not Concurred for Disposal, Disposal Eligibility Error Reviews (DEER), Disposal Concurrence Reviews (DCR), and Approved Transfers. These internal control challenges occurred due to limited internal and oversight controls. 36 C.F.R. 1233.20 states NARA FRCs will destroy eligible Federal records only with the written concurrence of the agency having legal custody of the records. NARA Directive 1464 states FRC Directors ensure records are properly disposed of in accordance with appropriate records disposition schedules and receipt of written concurrence from the agency. Untimely disposals limit space availability for incoming federal records, and increase potential Freedom of Information Act (FOIA), and discovery costs.

Expired Disposal Contracts

NARA self-reported the expiration of seven unclassified disposal contracts in FY 2019. According to Agency Services' management, the contract expirations were due to scarcity of available vendors, recycling market downturn, and delayed negotiations with one large agency customer. According to NARA, COVID travel restrictions also delayed finalization of several disposal contracts pending on-site inspection from NARA officials.² NARA indicated contract issues had been remediated, but COVID restrictions impacted disposal work at FRCs. They also stated a need for a plan to address untimely disposals once normal operations resumed. These expired contracts attributed to disposal delays.

Eligible Federal Records Disposal not Concurred

NARA is not ensuring Federal agencies take timely action on all eligible transfers. Each transfer has a disposition date of either January 1, April 1, July 1, or October 1. When the disposition date of an agency's temporary transfer is approaching, NARA includes the transfer in the quarterly disposition notice sent to the owning Federal agency to concur or decline the disposal. However, Federal agencies do not always promptly make the decision to concur with or decline a

² Four of six FRCs without a disposal contract at start of audit finalized contracts in early 2021.

disposal. With no decision, NARA stores these federal records eligible for disposal, but awaiting concurrence. As of the end of FY 2020, NARA stored 1,555,678 cubic feet of records eligible for disposal, but not yet concurred by the agency. Eligible records not yet concurred for disposal potentially increase costs to the Federal government.

In FY 2019, NARA instituted a surcharge for transfers in FRCs awaiting agency disposition action. Once a transfer reached its disposition date and the agency did not take action, the transfer was charged a higher monthly fee for storage. The surcharge continued in FY2020. Staff believed the surcharge did spur agencies to take action. An OIG analysis showed the surcharge likely benefitted NARA in receiving agency disposition action on overdue items in FY 2019, but COVID restrictions limited their ability to assess the surcharge's impact in FY 2020. However, NARA instituted new FRC billing procedures starting in FY 2021 due to the impact COVID restrictions had on finances. Now, a flat rate fee will be charged per box, and the surcharge for overdue transfers is eliminated.

Disposal Eligibility Error Reviews

Issues identified in the DEER process are not resolved timely. When preparing for upcoming disposal cycles and the preparation of disposition notifications, FRCs conducts the DEER process, which eliminates errors and warnings in ARCIS from upcoming eligible transfers. Errors and warnings must be cleared by staff before the transfer can be included in disposition notifications to an agency. The DEER process must be completed by the end of the quarter prior to the transfer's disposition date (e.g. DEER must be complete by December 31 for transfers with April 1 disposition dates). If DEER issues are not resolved, the transfers move into the next disposal cycle, thereby delaying their ultimate disposal. NTD monitors DEER issues through its weekly disposal snapshot report, and sends reminder emails to complete the DEER to FRCs. NTD separates its monitoring of DEER issues into two categories: (1) Standard Form-135, *Records Transmittal and Receipt*, Issues (e.g. unscanned, missing); and (2) Other Issues (e.g. invalid authorizations, ARCIS date issues). While NARA's goal is to resolve all DEER issues by the end of the quarter, there are instances when resolution does not occur. NARA attributes this nonoccurrence to timing issues, resource constraints, and volume of other work.

In FY 2020, FRCs resolved an average of 62 percent of DEER issues each quarter. Most FRCs resolved their DEER issues, but a few FRCs had the majority of unresolved issues each quarter. We reviewed quarterly data for FY 2020 and found WNRC always had hundreds of unresolved issues, all related to SF-135 attachments. Figures 4 and 5 show percentage breakdowns of FY2020 unresolved issues by FRC and DEER issues by type, respectively.

Figure 4 – FY2020 Unresolved DEER Issues by FRC

WNRC	65%
Total of other 17 FRCs	35%

Source: FRC Weekly Disposal Snapshot Report

Figure 5 – FY2020 DEER Issues by Type

SF-135 Issues	66%
All other DEER Issues	34%

Source: FRC Weekly Disposal Snapshot Report

NTD stated WNRC had made progress on their SF-135 attachment issues, but COVID closures impacted efforts by WNRC and other FRCs to scan SF-135s into ARCIS. Even upon resumption of normal operations, NTD expects WNRC SF-135 issues to continue for the foreseeable future.

Disposal Concurrence Reviews

DCRs are not occurring timely. Additionally, controls in place to monitor timeliness during DCRs are not effective. When an agency concurs with a disposition notification, FRC staff must perform a DCR where two separate individuals must review and approve each transfer for disposal. The DCR must be complete before physical disposal can occur. NARA 1464 SOP requires completion of the DCR within 15 business days. The OIG analyzed DCR timeliness for the 38 disposal snapshot reports available in FY 2020. We found although NTD highlighted some FRCs overdue on DCR work in the snapshot report, they did not highlight others.

We determined 4.76 FRCs (per week) out of 17 FRCs had an overdue DCR older than 15 business days from the report. Some FRCs resolved DCR timeliness issues quickly, while others had issues lasting for several months (e.g. Seattle, St. Louis, and Atlanta).

Approved Transfers

Approved Transfers were not disposed of within 90 days of Agency Concurrence. NARA generates disposition notices for records eligible for disposal in the disposal cycle and transmits the notices to its Federal customers. If the Federal agency agrees the records can be disposed, the agency will provide NARA with concurrence to dispose. Once NARA receives disposal concurrence from the agency, NARA has 90 days to dispose the records. After 90 days, NARA no longer bills the agency for storage of the records. Records concurred for destruction, but not yet disposed of cease to generate revenue for FRCs, impact space management at FRCs, and remain subject to FOIA requests and discovery costs.

Figure 6 shows the volume of records concurred for disposal by agencies (Disposition Concurred column) and the volume of overdue disposals (e.g. physical disposal backlog) (Overdue

Disposals column) at the end of FY 2019, at the time all facilities closed from NARA’s COVID restrictions, and at the end of FY 2020.

Figure 6 – Physical Disposal Backlog

Date	Disposition Concurred	Overdue Disposals
End of FY 2019 (9/30/19)	315,988 cubic feet	173,993 cubic feet
COVID Closures (3/23/2020)	358,408 cubic feet	261,940 cubic feet
End of FY 2020 (9/28/2020)	461,053 cubic feet	363,704 cubic feet

Source: FRC Weekly Disposal Snapshot Report

Figure 6 shows the physical disposal backlog grew in the first half of FY 2020 by nearly 88,000 cubic feet. COVID restrictions caused the physical disposal backlog to grow by over 100,000 cubic feet. Beginning in June 2020, some FRCs entered phased re-openings, and reopening statuses fluctuated through the rest of FY 2020 based on local public health metrics. During phased reopening, FRCs operated on a very limited basis and limited disposal occurred. Six FRCs remained without a disposal contract during the year. In spite of the pandemic and subsequent closure and/or phased re-openings, these FRCs would not have been able to physically dispose of records without valid disposal contracts.

Recommendations

We recommend the Executive for Agency Services:

Recommendation 1: Develop a plan to reduce NARA’s internal physical disposal backlog.

Recommendation 2: Develop a strategy to work with Federal agencies to reduce the eligible disposal backlog.

Recommendation 3: Develop a plan to rectify Records Transmittal and Receipt, SF-135, attachment issues at the WNRC.

Finding 2. Unreported Unauthorized Disposals

NARA did not consistently report instances of unauthorized disposals in its FRCs to the IG, as required. The unauthorized disposals were not reported because NARA did not have adequate management oversight to ensure proper notifications were made. NARA 1463 provides procedures for responding to actual or alleged instances of records being improperly destroyed or removed that are in the custody of Federal agencies. Without awareness of unauthorized disposals, the OIG is hindered from carrying out its investigative duties to deter and prevent fraud, waste, and abuse related to the safety and security of agency records.

NARA did not consistently report unauthorized disposals to the OIG. We identified at least two unauthorized disposals that were not reported to the OIG:

- In July 2015, a Federal agency notified NARA of an unauthorized disposal of records in its custody withdrawn from the Denver FRC. The Chief Records Officer (CRO) acknowledged the Federal agency made efforts to retrieve and reconstruct the disposed records and implemented measures to prevent future unauthorized disposals. Once the Federal agency complied with all reporting requirements, NARA closed the file in March 2016. The FRCP subsequently reported this unauthorized disposal in its May 2019 program review of the Denver FRC. The OIG was never made aware of the unauthorized disposal. When the OIG became aware of the issue in October 2020, we requested copies of internal reporting documents. However, such documentation was not maintained and could not be provided. NARA management concluded the IG was not notified due to their error.
- In January 2018, the Lenexa FRC reported an unauthorized disposal of a Federal agency record in its custody. NARA took action to notify the owning agency and reviewed the reasons the unauthorized disposal occurred, which NARA attributed to a one-time human error. The owning agency complied with all reporting requirements and NARA closed the case in March 2018. Again, the OIG was never made aware of the unauthorized disposal. NARA management confirmed the IG was not notified due to their error.

NARA 1463, last updated in 2016, included a Supplement, *Procedures for Reporting and Responding to Unauthorized Destruction or Removal of Records in the Legal or Physical Custody of Federal Agencies*. The Supplement detailed reporting procedures when an unauthorized disposal occurred either at a Federal agency or in an FRC, including required reporting to IG.

In May 2019, the CRO and the FRCP Director entered into a Memorandum of Understanding (MOU) to establish agreed upon procedures for notifying Federal agencies of their responsibilities to report unauthorized disposals. The MOU required the FRCP Director to email six internal NARA stakeholders a copy of the letter detailing the unauthorized disposal. The IG was not one of the six stakeholders to be notified per the MOU.

In September 2019 the NARA 1463 Supplement was canceled. The FRCP included procedures for unauthorized disposal reporting in the NARA 1464 SOP, including the notification of Senior NARA Executives, however the IG is not one of the Executives required to be notified. Since May 2019, any unauthorized disposal occurring at an FRC was not required by internal procedure to be reported to the IG. NARA staff stated the IG was likely omitted because the SOP followed the MOU. However, it should be noted that the NARA 1464 SOP also omits the RM Oversight and Reporting Program (ACO) from the notification procedures, despite the MOU listing ACO as an internal stakeholder to be notified.

Recommendations

We recommend the Executive for Agency Services:

Recommendation 4: Review policies and procedures and determine which internal stakeholders, including the IG, should be notified and revise policies and procedures as necessary.

Finding 3. Disposal Documentation Procedures could be Enhanced

FRCs disposal packages were not always complete. Disposal documentation was not always maintained electronically. The condition occurred because of ARCIS limitations (ARCIS was not setup to produce the required reports) and disposal procedures did not clearly define documentation requirements. 36 C.F.R. 1233.20 states NARA FRCs will maintain documentation on the final disposition of records. NARA 1464 SOP Section 8.12.2 details required documentation (e.g. evidence of concurrence from agency, SF135, truck seal, ARCIS reports, listing of NARA employees working the disposal, shipment information, etc.) of disposals occurring at FRCs. Without sufficient disposal documentation, NARA lacks sufficient, auditable history of the authorization and performance of disposal work.

Disposal Packages Were Not Complete

NTD has refined documentation requirements for disposals, but FRCs continue to inconsistently maintain required disposal documents. In FY 2020, NTD established new documentation requirements and also provided FRCs guidance on creating documentation. The OIG reviewed FY 2020 disposal packages at the WNRC and found:³

- Only six disposal packages were complete. WNRC staff stated NTD had not confirmed disposal documentation package requirements until March 2020, and WNRC had only been able to complete six packages from March through November.⁴
- Missing truck seals. WNRC staff stated unawareness of the requirement of retaining truck seals and therefore discarded returned truck seals. Only about a dozen truck seals had been retained for the 56 disposal trucks during the year.
- No DEER and DCR audit reports. While NARA 1464 SOP requires the DEER and DCR audit reports, the reports could not be generated in ARCIS and therefore could not be included in the disposal packages as required. Although NTD indicated the reports had been created by the ARCIS contractor, we determined NARA had not yet prioritized creation of these two audit reports under the ARCIS contract. According to NTD, finalization of the reports was in-process and they hoped to have the reports available in ARCIS in FY 2021.
- One disposal package had a misfiled SF-135, which was likely due to human error and recreating packages months after disposal.

We also identified timeframes were not established for creating disposal packages.

³ Similar issues were identified in the FRC's FY 2019 and FY 2020 internal control testing of disposal documentation packages.

⁴ The low number is due to pandemic related facility closure.

Electronic Recordkeeping of Disposal Documentation

Although NARA's 2018-2022 Strategic Plan states NARA's success in meeting its strategic goals and objectives depends on the capability of its customer agencies to transform their programs and systems to support fully-electronic recordkeeping, NARA has not fully transitioned to maintaining disposal documentation electronically. In fact, documentation can sometimes include an excessive amount of paper. We found two examples related to documentation maintained for agency concurrence on transfers, which can vary based on how the agency concurs, whether through the ARCIS Customer Portal Disposition Module (CPDM), Form NA13001, or an emailed spreadsheet. In one example, a spreadsheet listing hundreds, if not thousands of transfers, was printed and filed in a disposal package, despite only one transfer being concurred in the entire document. In another example, the disposal package consisted of numerous spreadsheet transfer concurrences, and took up nearly the entire FRC box. Efforts have been made to make disposal documentation fully electronic, and build the disposal module in ARCIS to electronically communicate with agencies. Although disposal packages are still scheduled as paper based, discussions have been initiated to move to an electronic schedule.

Recommendations

We recommend the Executive for Agency Services:

Recommendation 5: Prioritize creation of DEER and DCR Audit Reports under the ARCIS contract.

Recommendation 6: Implement timeframes for completion of disposal documentation packages.

Recommendation 7: Develop a plan to transition disposal documentation to fully electronic recordkeeping.

Finding 4. Disposal Procedures could be Enhanced

While Agency Services has implemented disposal procedures and been proactive in revising those procedures, additional controls are necessary to enhance its disposal program. Specifically, controls were insufficient over ARCIS functions, quarterly disposal audits, and program reviews. The conditions occurred due to historical workflows of other agencies, personnel departure, lack of management oversight, and a limited travel budget. Government Accountability Office's (GAO) *Standards for Internal Control in the Federal Government* states control activities are the actions management establishes through policies and procedures to achieve objectives and respond to risks in the internal control system, which includes the entity's information system. Without enhanced disposal procedures, NARA experiences increased administrative burden and lacks assurance its disposal activities are being administered properly.

Customer Portal Disposition Module

NARA developed the CPDM in ARCIS to allow agencies to execute disposition transactions electronically. However, as of the end of FY 2020, only about 25 percent of customer agencies conduct transactions through the CPDM. The remaining 75 percent of customer agencies receive and respond to disposition notifications through emailed spreadsheets, emailed Form NA13001s, or mailings. NTD maintains a spreadsheet tracking the distribution notification method preferred by each customer agency. Agencies receive and respond to disposition notifications through CPDM. Strictly using the CPDM in ARCIS would allow all transactions to occur and be recorded in a centralized location. Also, transitioning all agencies to using CPDM would increase efficiency by alleviating the administrative burden on staff in tracking how each customer agency prefers to transact disposition notices.

ARCIS Procedures

NARA maintains ARCIS user manuals for Federal agency customers to navigate ARCIS controls. NARA internal procedures detail some uses of ARCIS. However, an internal user manual for ARCIS tasks such as disposal does not exist. A NARA staff member responsible for manuals departed the agency before completing an ARCIS user manual, and to date, the position has not been filled and the creation of the user manual not prioritized.

Quarterly Disposal Audits

NARA 1464 SOP Section 8.12.3 requires FRCs on a regular basis, but not less than quarterly, to audit the disposal-related work performed by staff during the disposal quarter. However, expectations for conducting the audits were not expressed in the procedure. The WNRC considered their team lead checking transfers during the physical disposal process to be real-time auditing and sufficient to address the NARA 1464 requirement. ARCIS data would be occasionally audited at the WNRC, but not on a routine, systematic basis. NTD considered the requirement to entail both a physical audit of work and an audit of the work in ARCIS. However,

NTD acknowledged recordkeeping requirements of the work had not been implemented. Further, no requirements for how, and how much to review during the quarterly disposal audit are documented.

Program Reviews

Although the FRCP conducts on-site program reviews of its facilities, these reviews are infrequent and the results of reviews are not shared across FRCs. Agency Services identified infrequent program reviews and infrequent disposal internal controls testing as a program weakness. Agency Services reported disposal internal control testing only occurs at FRCs as part of program reviews roughly once every three-to-four years due to travel budget limitations. As a result, FRCs may be non-compliant for several years before an issue is detected and corrected. Agency Services reported it needed to develop remote testing capability through ARCIS to ensure consistent, acceptable performance. The NTD Director discussed the program review travel limitations, potential virtual program review steps, and how the NTD team attempted to review ARCIS data remotely to remediate the time gap in on-site review.

In FY 2019 and FY 2020, two program reviews were conducted each year. At a pace of two program reviews per year, it would take nine years to visit the eighteen FRCs. With COVID travel restrictions in place since March 2020 and no set date for restrictions being lifted, the inability for FRCP staff to conduct on-site reviews is likely to continue for some time. As a result, the lapse between program reviews will be extended.

The program review team produces a detailed program review report with related recommendations. The report is provided to senior management and the FRC under review. However, the FRCP Director of Operations stated the report is not shared with other FRCs. Program reviews found similar issues across multiple FRCs (e.g. disposal documentation). Other FRCs not under review may have had similar issues, but were unaware. If results of program reviews were communicated to all FRCs, individual FRC management could use the results to assess their own practices and remediate deficiencies on a timelier basis.

Recommendations

We recommend the Executive for Agency Services:

Recommendation 8: Develop a strategy to transition agencies to use the ARCIS Customer Portal Disposition Module.

Recommendation 9: Develop and implement an ARCIS internal user manual.

Recommendation 10: Revise procedures to strengthen controls over quarterly disposal audits.

Recommendation 11: Develop a strategy to conduct more frequent virtual oversight program review activities.

Recommendation 12: Implement procedures requiring the results of program reviews to be shared with all FRCs.

Recommendation 13: Implement procedures for FRCs to certify their review of shared program review results and efforts made to remediate any deficiencies.

Appendix A – Acronyms

Acronym	Definition
ACO	RM Oversight and Reporting Program
ARCIS	Archives and Records Center Information System
C.F.R	Code of Federal Regulations
CPDM	Customer Portal Disposition Module
CRO	Chief Records Officer
DCR	Disposal Concurrence Review
DEER	Disposal Eligibility Error Review
FOIA	Freedom of Information Act
FRC	Federal Records Center
FRCP	Federal Records Center Program
FY	Fiscal Year
GAO	Government Accountability Office
IG	Inspector General
MOU	Memorandum of Understanding
NARA	National Archives and Records Administration
NTD	National Transfer and Disposition
OIG	Office of Inspector General
SF	Standard Form
SOP	Standard Operating Procedure
U.S.C.	United States Code
WNRC	Washington National Records Center

Appendix B – Agency Comments

Agency management reviewed a discussion draft and provided no comments to this report. Agency management stated their general agreement with the findings and recommendations and opted not to provide formal comments for inclusion in this report.

Appendix C – Report Distribution List

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