

# OFFICE OF INSPECTOR GENERAL

## *Semiannual Report to Congress*

OCTOBER 1, 2008—MARCH 31, 2009

NATIONAL ARCHIVES AND  
RECORDS ADMINISTRATION



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# FOREWORD

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*This office works to support the core mission of the National Archives and Records Administration (NARA). NARA's mission is to serve American democracy by safeguarding and preserving the records of our Government to allow the people to discover, use and learn from our history. Consistent with this definition, seven of the top ten management challenges we have identified are directly related to the agency's record holdings. These challenges are:*

- ▶ *The Electronic Records Archives*
- ▶ *Improving Records Management*
- ▶ *Information Technology Security*
- ▶ *Expanding Public Access to Records*
- ▶ *Meeting Storage Needs of Growing Quantities of Records*
- ▶ *Preservation Needs of Records*
- ▶ *Physical and Holdings Security*

*The work NARA Office of the Inspector General (OIG) auditors and investigators routinely perform touches upon each of these areas. Our investigations and audits do not directly impact the food supply chain, the monetary markets, development of weapons systems, telecommunications or space exploration. However, a myriad of other functions and operations of the Federal government do affect those areas. These Federal programs will generate records which must be woven by NARA into the tapestry of our democracy for this and future generations to use in a manner yet to be determined. As we have pointed out before, as our nation's record keeper NARA is the common link throughout every program in the Federal government. We must be diligent, as only history will bear testament to whether a record created today will have little or no merit to future generations, or conversely be a document with historical resonance and import.*

*I am proud of the work we have accomplished in this semiannual reporting period, and for the ongoing work being executed by this office. I am also encouraged that the NARA OIG will obtain additional resources in both the near term and in the coming fiscal year to support our work. I thank those individuals who have come to support this office and help provide us with the resources needed to conduct our work and in turn that of the American people.*



*Paul Brachfeld  
Inspector General*

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*Visit <http://www.archives.gov/oig/> to learn more about the National Archives Office of Inspector General.*

# *EXECUTIVE SUMMARY*

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This is the 41st Semiannual Report to the Congress summarizing the activities and accomplishments of the National Archives and Records Administration (NARA) Office of Inspector General (OIG). A summary of NARA's top challenges is provided under the section titled "Top Ten Management Challenges." The highlights of our major functions are summarized below.

## **Audits**

In this reporting period, the Audit Division continued to examine the development of NARA's Electronic Records Archives system, security of NARA's Information Technology (IT) systems, and assess the economy and efficiency of NARA's programs. Our work this period had a positive impact on agency operations and controls in these critical areas. Recommendations directed to NARA officials will, upon adoption, translate into reduced risk for the agency, and increased levels of security and control over NARA's financial assets, programs, and operations.

We issued the following audit reports during the reporting period:

- **OIG Monitoring of the Electronic Records Archives Program Status.** This audit, performed to advise the Acting Archivist of the current status of the "Base" Electronic Records Archives (ERA) program, focused upon whether (a) the ERA Program is meeting cost and schedule requirements, and (b) management is taking timely action to correct any actual or potential problems. As of the end of fiscal year (FY) 2008, internal ERA program documentation reflected the ERA was progressing satisfactorily in accordance with the program's rebaselined cost and schedule objectives. However, to date, program officials are unable to clearly define when, how, or if the ERA will be fully operational, and have not been able to provide a clear definition of what the ERA's functionality will be at Full Operating Capability (FOC). Thus in our opinion, it is likely the ERA System will not achieve the originally envisioned functionality at the delivery of FOC in 2012 and additional funding may be needed to complete the program. It should be noted that in a March 31, 2008 letter to NARA the Chairman of the Subcommittee on Financial Services and General Government, expressed similar concerns seeking clarity on what the ERA is intended to do or provide, and when. (Advisory Report #09-03, dated January 6, 2009. See page 15. )
- **OIG Monitoring of the Executive Office of the President (EOP) System.** This audit, initiated to advise the Archivist of the status of the EOP system (a part of the ERA) as of January 2009, addressed sensitive but unclassified electronic data to be transferred to NARA from the George W. Bush administration. In response to ERA schedule delays, the development of the EOP system was split off from the base ERA, and uses a different architecture. Due to the expected volume of electronic records from the Bush administration, and the possibility of receiving these records in unknown or incompatible formats, NARA will not be able to rely solely on the EOP System to comply with the Presidential Records Act, and will incur additional costs resulting from maintaining additional systems, ingesting the data, and putting the data in a format searchable in the EOP. (Advisory Report #09-06, dated January 13, 2009. See page 15.)

# EXECUTIVE SUMMARY

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- **The Omission of Classified Electronic Records from the EOP System.** Due to schedule delays, the development of ERA is proceeding on two separate tracks: the ERA Base System and the EOP System. The EOP System will provide ingest, search, and retrieval capabilities for the records of the George W. Bush Administration. This audit, undertaken to assess the status as of January 2009 of the handling of classified electronic records from the George W. Bush administration, revealed NARA removed classified records from the scope of the requirements for the EOP System. Therefore, classified records from the George W. Bush administration will not be included in the EOP System. In our opinion, this will negatively affect the cost and implementation schedule of the ERA project. NARA officials stated the reason for not including classified records in the EOP System was the lack of funding and the additional level of effort needed to certify and accredit a system with classified records. ERA was to enhance NARA's ability to comply with the requirements of the Presidential Records Act by providing rapid ingestion of data in a permanent, secure environment and eliminating the need to migrate the data to new or updated systems in the future. Excluding classified records from the EOP System raises the following concerns: (a) what are the associated costs to maintain classified electronic records in a non-ERA system, (b) what are the additional costs needed to develop and implement an EOP National Security System (NSS) in the future to handle classified records, and (c) how will the cost and schedule of the overall ERA development effort be impacted. (Advisory Report #09-07, dated January 16, 2009. See page 16.)
- **NARA's Transition to Internet Protocol Version 6 (IPv6).** This audit assessed NARA's efforts to transition to IPv6. Specifically, our objective was to determine whether NARA was in compliance with an OMB mandate, and if not, to identify what major obstacles or challenges exist and whether the agency developed a plan for compliance. NARA did not comply with the OMB mandate because NARA has not verified whether the network backbone is capable of supporting IPv6. Specifically, IPv6 testing on the production environment did not test NARA's ability to transport IPv6 traffic through all devices in the core network and did not test whether NARA could successfully receive and transmit IPv6 traffic outside NARA's network. As a result, NARA does not have assurance their planned implementation strategy will work. We also found additional work is needed in this area. For example, NH officials involved in planning for the IPv6 transition did not identify or address associated risks and challenges. If not addressed, these risks and challenges may result in increased costs and security risks associated with the transition to IPv6. In addition, new IT equipment orders did not contain a requirement to be IPv6 compliant or interoperate with both IPv4 and IPv6 systems. As a result, NARA may have to spend additional funds to acquire IPv6 compliant equipment. We made five recommendations, which upon implementation, would bring NARA into compliance with OMB requirements and provide the foundational structure for transition into IPv6. However, the Chief Information Officer has not fully concurred with concerns specific to four of the recommendations. (Audit Report #09-05, dated March 11, 2009. See page 17.)

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- **Controls over Presidential Library Textual Records.** As a result of a congressional request received from United States Senator Charles Grassley's office, we conducted a multifaceted audit of the actions taken by Presidential Libraries to protect and preserve Presidential collections. This audit revealed the controls over Presidential library textual records, in general, appear to be adequate and functioning properly. However, we found controls can be improved over a subset of records known as Specially Protected Records (SPRs). The records are subject to more stringent controls because they are deemed highly valuable and vulnerable. Specifically, (a) Presidential libraries are not in compliance with several NARA requirements concerning the security and handling of SPRs; (b) the Security Management Branch (NASS) has not inspected/certified SPR storage areas, and; (c) current guidance is not adequate for ensuring accountability of SPRs at Presidential libraries via sampling. We made four recommendations for improvement. Management agreed only to update their regulation on holdings security, and then evaluate the other recommendations afterwards. (Audit Report #09-01, dated January 14, 2009. See page 18.)
- **Regional Archives Compliance with Procedures for Controlling Specially Protected Holdings.** While performing field work for the Presidential Libraries audit (Audit Report #09-01) the OIG discovered the regional archives were not in compliance with several aspects of a NARA directive (NARA 1572) relating to specially protected holdings. As a result, we performed audit work of Office of Regional Records Services (NR) processes relating to NARA 1572. We found regional archives had not performed the following required activities relating to controls over specially protected holdings: (a) nominated selected staff for background checks required to access vaults or other specially protected areas; (b) reported their storage methods, exact container locations, and names of staff with access to specially protected holdings, and; (c) performed annual inventories of specially protected holdings and provided the results to the office head. As a result of these conditions, NR lacks assurance specially protected holdings are being controlled in a manner consistent with their value. We made four recommendations that upon implementation will address the weaknesses cited. Management agreed only to update their regulation on holdings security, and then evaluate the other recommendations afterwards. (Audit Memorandum Report #09-04, dated January 15, 2009. See page 19.)
- **NARA's Workers' Compensation Program (WCP).** This audit was performed to determine whether management controls were efficient and effective to ensure appropriate benefits accrued to injured employees, costs were adequately managed and controlled, and Federal Employees Compensation Act (FECA) guidelines were met. The new Director, Human Resources Division, was an active supporter of this engagement as she had concerns specific to this program. Overall, we found serious deficiencies in NARA's WCP due to a lack of adequate program oversight and effective program management. The lack of a centralized, well-managed WCP resulted in the program being vulnerable to fraud, waste and abuse. The deficiencies found prevented NARA from meeting the intent of FECA. Specifically, (1) long-term case files were not monitored or managed; (2) a formal Return-to-Work program was not developed; (3) NARA did not verify compensation benefits reported on chargeback cost reports; (4) Continuation of Pay (COP) benefits were not consistently monitored; (5) NARA's WCP lacked comprehensive written policies and

# *EXECUTIVE SUMMARY*

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procedures; (6) NARA lacked guidance and training for NARA personnel involved in the WCP; (7) case files were both missing and not adequately documented; and (8) employee claims were not processed in a timely manner. Additionally, WCP roles and responsibilities were not clearly established and assigned. As a result of these weaknesses, we identified claimants who were receiving long-term compensation for up to 30 years despite failing to meet FECA guidelines for providing medical documentation to support continued program eligibility. We identified claimants who were not offered limited duty when capable; and when permanent restrictions existed, not recommended for vocational rehabilitation in a timely manner. Further, NARA did not verify its workers' compensation chargeback reports or COP payments to ensure claimants were paid accurately. We found several overpayments of compensation benefits. The lack of oversight and program management in NARA's WCP contributed to the 83 percent rise in program costs over the last ten years. Management, recognizing the need to improve WCP oversight and program management, initiated discussions and corrective measures during the course of this audit. We made six recommendations, with which management agreed. (Audit Report #09-10, dated March 6, 2009. See page 19.)

- **NARA's Fiscal Year 2008 Financial Statements.** Clifton Gunderson LLP (CG), a public accounting firm, audited NARA's consolidated balance sheets as of September 30, 2008 and 2007, and the related statements of net cost, changes in net position, financing, and the combined statement of budgetary resources for the years then ended. CG issued NARA an unqualified opinion on NARA's FY 2008 and 2007 financial statements. This is the third year in a row NARA received an unqualified opinion. For FY 2008, CG did report one significant deficiency in internal control over financial reporting in the area of Information Technology resulting in 13 recommendations, which if implemented, should correct the matters reported. CG disclosed no material weaknesses and no instances of noncompliance with any provisions of the laws and regulations they reviewed. Management concurred with the recommendations. (Audit Report #09-02, dated December 4, 2008. See page 20.)

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## **Management Letters**

- **Award Fee Program for the Electronic Records Archives Development Contract.**  
During the period, we notified the Acting Archivist that the ERA development contract award fee program was not being managed or functioning in an efficient and effective manner. The contractor's award fees were determined through a process with significant deviation from the award fee plan, but without following proper modification procedures. Thus, the award fees paid to the contractor did not comply with any identified process. This resulted in a lack of accountability and transparency over the distribution of government funds to the contractor; and in this particular case, it both changed the incentives provided to the contractor and allowed an inappropriate windfall. (Management Letter #09-08, dated January 15, 2009.)
- **Management of Classified Information at the Washington National Records Center.**  
The OIG advised the Acting Archivist of unacceptable and potentially dangerous classified records management and storage practices at the Washington National Records Center (WNRC) in Suitland, Maryland. We outlined and described in this management letter some of the ongoing failures we discovered at WNRC to protect some of the most sensitive information produced by the Federal Government, including the fact that a substantial number of classified holdings are unaccounted for. During the course of our ongoing investigation into missing classified material at WNRC, a number of other security issues became apparent. Based on preliminary findings, we have learned: (a) as of January 2009 there was no comprehensive and thorough Standard Operating Procedures manual for the vault at WNRC; (b) there is no coordination or consistency among all NARA records centers holding classified material; (c) there is co-mingling of classified with unclassified records at WNRC; and (d) the aforementioned issues, as well as others not detailed herein, will likely be exacerbated with the ongoing arrival of some 5,000 boxes of classified material from another NARA facility. While recent efforts by management to resolve WNRC's ongoing issues are and should be applauded, a fundamental and paradigm shift in how WNRC operates is necessary. Such a shift should incorporate new policy, new personnel, new facilities, and a new mindset. Necessary resources and related funding should be quantified and both short- and long-term strategies defined and presented to appropriate entities to include the Congress and the Executive Branch. (Management Letter #OI-09-01, dated January 9, 2009.)

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## **Inspector General's Concerns**

In the prior reporting period we used this space to elaborate upon a question resonating within our office specific to the Electronic Records Archives (ERA) program - exactly what will the functionality of ERA be when the full operating capability date, as defined by NARA, is realized? On March 31, 2009 Chairman Jose Serrano of the House Subcommittee on Financial Services and General Government wrote to the Acting Archivist addressing NARA's FY 2009 ERA expenditure plan. In the letter Congressman Serrano stated the following:

*...the Committee is concerned that the "Full Operating Capability" of ERA remains unidentified. This issue was also cited as a key concern of the NARA Office of Inspector General in its most recent Semiannual Report to Congress. ... It would be most helpful for the Committee to have more precise and concrete details as to the expected overall functionality for ERA, specifically clarity on what this entire project is intended to do or provide when it has achieved "Full Operating Capability," as well as the anticipated date by which such Full Operating Capability will be reached.*

All stakeholders (including the OIG staff) seek clear and reliable information specific to the ERA program, as we as American citizens rely upon NARA to preserve, protect and make readily available, as appropriate, the Federal records of this nation. The ERA program was conceived with this primary goal in mind. Our concern is that the clarity of mission has been impeded by program realities (e.g., delays, reductions in core functionality requirements, identified technical deficiencies, etc.) as have been defined in numerous published OIG reports. In the coming reporting period we look forward to NARA's response to the congressional inquiry and will use our available resources to support NARA in its ongoing efforts to meet a vital challenge of our time.

# ***EXECUTIVE SUMMARY***

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## **Investigations**

During this reporting period, the Office of Investigations (OI) opened 15 investigations, closed nine investigations, and recovered 21 records. The OI also received 57 complaints and closed 46 complaints. Additionally, the OI conducted joint investigations with the Federal Protective Service, the U.S. Secret Service, the FBI, the Atlanta Police Department, the Metro D.C. Police Department, the CIA, the Department of State, U.S. Army CID, the U.S. Marine Corps Historical Office, and Scotland Yard, as well as the Offices of Inspectors General at the General Services Administration, the U.S. Postal Service, the Veterans Administration, and the Office of Personnel Management. At the close of the period, there remained 30 open complaints and 35 open investigations.

The Office of Investigations completed investigations in a variety of areas including the following:

- Lost/Stolen Presidential Records
- Child Pornography
- Lost/Stolen Military Records
- Workers Comp Fraud
- Inappropriate Conduct
- Transit Check Fraud
- Forgery and Improper Access to Veterans Records
- Real Property Procurement Fraud

The Office of Investigations is presently staffed with four law enforcement 1811 series Special Agents, an investigative archivist, a computer forensic analyst, and an Assistant Inspector General for Investigations. This team provides investigative coverage to a 3,000-plus, 44-facility, nationwide agency that includes the Presidential Library system. This broad-based area of operations presents a demanding investigative challenge to provide real-time coverage when multiple incidents occur requiring rapid response. The addition of two investigators budgeted for FY 2010 will enhance the office's ability to conduct complex and high-profile investigations, as well as to begin performing proactive investigative activity in a timely and efficient manner in order to better support our statutory mission.

# ***EXECUTIVE SUMMARY***

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## **Management Assistance**

- Assisted NARA's Facility Staffs' efforts to revise the business process for property accountability. The OIG attended working meetings with NARA's contractor charged with writing the new business process, reviewed draft policy and guidance documents, and provided input and feedback.
- Provided assistance to the Chief Information Officer's (CIO's) office on implementation of new contingency planning and contingency plan testing policy. In 2007, an independent assessment of the IT security program determined that NARA's IT security policy and supporting procedures were weak, incomplete, and too dispersed to be effective. As a result, the Archivist identified IT Security as a material weakness under the Federal Managers' Financial Integrity Act reporting process in FY 2007 and FY 2008. CIO officials drafted a new Contingency Planning policy and requested our assistance in outlining adequate testing guidance to provide to the system owners conducting the annual contingency plan tests. We met with CIO officials on several occasions to discuss the changes and provided comments on the draft policy to ensure mandatory requirements established by the National Institute of Standards and Technology were included.
- Served on a discussion panel at the Small Agency Counsel's annual executive retreat concerning the implementation of the IG Reform Act of 2008.
- Referred 16 cases from the Archival Recovery Team to the Office of General Counsel pursuant to NARA Directive 1462.
- Provided comments to several draft agency directives, such as Draft Directive NARA 1611, Loans of Archival Holdings to Federal Originators, where our comments focused on security aspects and discussed OIG notification and the proposed breadth of an exemption for lender liability.
- Ensured a more open and accountable government by responding to Freedom of Information Act requests pertaining to OIG records.
- Worked with NARA's IT team to develop and implement an online tool for the IG website to allow NARA contractors to report over-billing or crimes, fraud, waste, and abuse in accordance with new provisions in the Federal Acquisitions Regulation.
- Referred a complaint to NARA's general counsel that NARA's then-current processes may have been violating requirements on agency printing. Those processes were subsequently changed.

# ***INTRODUCTION***

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## **About the National Archives and Records Administration**

### **Mission**

The National Archives and Records Administration serves American democracy by safeguarding and preserving the records of our Government, ensuring the people can discover, use, and learn from this documentary heritage. Further, the agency ensures continuing access to the essential documentation of the rights of American citizens and the actions of their government; and supports democracy, promotes civic education, and facilitates historical understanding of our national experience.

### **Background**

NARA, by preserving the nation's documentary history, serves as a public trust on which our democracy depends. It enables citizens to inspect for themselves the record of what the Government has done. It enables officials and agencies to review their actions and helps citizens hold them accountable. It ensures continuing access to essential evidence documenting the rights of American citizens, the actions of Federal officials, and the national experience.

Federal records reflect and document America's development over more than 200 years. They are great in number, diverse in character, and rich in information. NARA's traditional holdings amount to 30 million cubic feet of records. These holdings also include, among other things, letters, reports, architectural/engineering drawings, maps and charts; moving images and sound recordings; and photographic images. Additionally, NARA maintains hundreds of thousands of artifact items and over 5.5 billion logical data records. The number of records born and stored solely in the electronic world will only continue to grow, thus NARA is developing the Electronic Record Archives to address this burgeoning issue.

NARA involves millions of people in its public programs, which include exhibitions, tours, educational programs, film series, and genealogical workshops. In FY 2008, NARA had 37.8 million online visits in addition to hosting three million traditional museum visitors, all while responding to 1.2 million written requests from the public. NARA also publishes the *Federal Register* and other legal and reference documents, forming a vital link between the Federal Government and those affected by its regulations and actions. Through the National Historical Publications and Records Commission, NARA helps preserve and publish non-Federal historical documents that also constitute an important part of our national heritage. Additionally, NARA administers 13 Presidential libraries preserving the papers and other historical materials of all past Presidents since Herbert Hoover.

### **Resources**

In FY 2009, NARA was appropriated an annual budget of approximately \$459.2 million and 2,923 (estimated) Full-time Equivalents (FTEs), including appropriations of \$330 million for operations, \$67 million for the Electronic Records Archives (ERA) program, \$50.7 million for repairs and restorations of facilities, and \$11.2 million for grants. NARA operates 44 facilities nationwide.

# ***INTRODUCTION***

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## **About the Office of Inspector General (OIG)**

### **The OIG Mission**

The OIG's mission is to ensure NARA protects and preserves the items in our holdings, while safely providing the American people with ready access to essential evidence of their rights and the actions of their government. We accomplish this by providing high-quality, objective audits and investigations; and serving as an independent, internal advocate for economy, efficiency, and effectiveness.

### **Background**

The Inspector General Act of 1978, as amended, along with the Inspector General Reform Act of 2008 establishes the OIG's independent role and general responsibilities. The Inspector General reports to both the Archivist of the United States and the Congress. The OIG evaluates NARA's performance, makes recommendations for improvements, and follows up to ensure economical, efficient, and effective operations and compliance with laws, policies, and regulations. In particular, the OIG:

- assesses the effectiveness, efficiency, and economy of NARA programs and operations
- recommends improvements in policies and procedures to enhance operations and correct deficiencies
- recommends cost savings through greater efficiency and economy of operations, alternative use of resources, and collection actions; and
- investigates and recommends legal and management actions to correct fraud, waste, abuse, or mismanagement.

Further, the OIG investigates criminal and administrative matters concerning the agency, helping ensure the safety and viability of NARA's holdings, customers, staff, and resources.

### **Resources**

The FY 2009 OIG budget is approximately \$2,932,000 for operations, and authorizes 20 full-time equivalent employees (FTEs). At the beginning of the current period the OIG had 16 FTEs in the office. During the period the OIG advertised several positions and hired one special agent, but at the close of the period there were three vacancies to fill: two auditor positions and a special agent position. At full staffing, the OIG will have: one Inspector General, one support staff, ten FTEs devoted to audits, seven FTEs devoted to investigations, and a counsel to the Inspector General.

# ***ACTIVITIES***

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## **Involvement in the Inspector General Community**

### **CIGIE Investigations Committee**

The IG served as a member of the Counsel of Inspector Generals on Integrity and Efficiency's Investigations Committee. The mission of the Investigations Committee is to advise the IG community on issues involving investigative functions, establishing investigative guidelines, and promoting best practices. The Investigations Committee relies on its Investigations Advisory Subcommittee to assist it in these efforts. The goal, therefore, is to continuously enhance professionalism within our investigator community.

### **Council of Counsels to Inspectors General (CCIG)**

The OIG counsel is an active participant in meetings of the CCIG, and communicated regularly with fellow members. In these meeting multiple topics were raised, discussed, and addressed including the formation and operation of the new Counsel of Inspector Generals on Integrity and Efficiency, new Freedom of Information Act policies, interpreting various statutes and regulations, OIG PII policies, gift-giving ethics within offices, and coordinating information sharing across agencies.

### **Federal Audit Executive Council (FAEC)**

The Assistant Inspector General for Audits (AIGA) continued to serve as a representative to the FAEC. During the period, the AIGA attended FAEC's meeting to discuss topics such as financial statement audit issues, audit training, opinion reports on internal controls, and information security.

### **Recruiting**

The OIG counsel delivered a presentation on working in a Federal OIG office at a law school in New England. Attended by a variety of students, this speech helped expose the next generation of potential public servants to the IG community and the work which we do.

### **The IG Reform Act of 2008**

The IG and OIG counsel served in a working group of IG officials developing proposed protocols for addressing some of the administrative provisions affecting IG offices of designated federal entities in the IG Reform Act of 2008.

# ***ACTIVITIES***

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## **Response to Congressional Items**

### **Open Audit Recommendations**

The Chairman of the Committee on Oversight and Government Reform asked for an update on a previous request for statistical information on audit recommendations issued from 2001 through 2008, with specific questions about recommendations relating to monetary benefits which remain open. The OIG responded that the overwhelming focus of our audit efforts has been to improve NARA's operational effectiveness and efficiency and enhance physical, environmental, and information technology security. Out of 488 recommendations made in that timeframe, there are 170 still open, and none of the open recommendations are older than FY 2005. Of those remaining open recommendations, only one relates to potential monetary benefits.

### **Controls over Presidential Library Textual Records**

As a result of a congressional request received from United States Senator Charles Grassley's office, we conducted a multifaceted audit of the actions taken by Presidential libraries to protect and preserve Presidential collections. This audit revealed the controls over Presidential library textual records, in general, appear to be adequate and properly functioning. However, we found controls can be improved over a subset of records known as Specially Protected Records (SPRs). The records are subject to more stringent controls because they are deemed highly valuable and vulnerable. Specifically, (a) Presidential libraries are not in compliance with several NARA requirements concerning the security and handling of SPRs; (b) the Security Management Branch (NASS) has not inspected/certified SPR storage areas, and; (c) current guidance is not adequate for ensuring accountability of SPRs at Presidential libraries via sampling. We made four recommendations for improvement and management concurred with all the recommendations. (Audit Report #09-01, dated January 14, 2009. See page 18.)

## Overview

### Overview

This period, we issued:

- seven final audit reports,
- one audit memorandum,
- two management letters.<sup>1</sup>

We completed fieldwork on the following assignments:

- an audit of NARA's Change Management Process to determine if the agency appropriately authorizes, documents, tests, and controls changes to its information systems,
- an audit of the Electronic Records Archives program status to evaluate and assess NARA and contractor efforts associated with developing the Electronic Records Archives.

We also continued work on the following assignments:

- an audit of NARA's Processing of Military Personnel Records Requests to determine whether the process is sufficient, and management controls are adequate, to properly safeguard veterans' information,
- progress reviews of the Electronic Records Archives development to report progress to ERA stakeholders including achievements, challenges, risks, and concerns,
- an audit of NARA's Vehicle Fleet Management to determine if fleet vehicles are adequately utilized and fleet resources are properly controlled,
- an audit of NARA's Work-at-Home System (WAHS) to determine whether the WAHS efficiently and effectively meets the requirements of OMB memorandum M-06-16, Protection of Sensitive Agency Information, and was developed in accordance with NARA requirements.

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<sup>1</sup> Management letters are used to address issues, not resulting from an audit, which need to be quickly brought to the Archivist's or management's attention.

## Audit Summaries

### **OIG Monitoring of the Electronic Records Archives Program Status**

The purpose of this report was to advise the Acting Archivist of the United States of the current status of the Electronic Records Archives (ERA) Program. The ERA, a major information system, is being designed to store and manage NARA's electronic records holdings and to manage the lifecycle of paper records and other holdings. It will manage the entire lifecycle of temporary and permanent electronic records from ingestion through preservation and dissemination to customers. The system must perform its functions free from dependence on any specific hardware or software. Due to schedule delays, the developmental effort is proceeding on two separate tracks: the ERA Base System and the Executive Office of the President (EOP) System. The EOP System will provide ingest, search, and retrieval capabilities for the records of the George W. Bush Administration, while the Base ERA System will provide basic electronic records management capability for NARA legacy data and records and for current transactions of other Federal agencies.

We are monitoring, on a continuing basis, government and contractor personnel efforts associated with developing the ERA. This initiative focuses on assessing whether (a) the ERA Program is meeting cost and schedule requirements, and (b) NARA and contractor management officials are taking timely action to correct any actual or potential problems with program performance. Periodically, we provide management with reports on program status.

We reported that, in our opinion, because of previous funding issues and schedule delays, it is not likely that the ERA System will achieve Full Operating Capability (FOC) as originally envisioned, that is, the ERA will not have all the required functionality when the development contract ends in March 2012. As a result, additional funding will be needed to complete the program. (Audit Report #09-03, dated January 6, 2009)

### **OIG Monitoring of the Executive Office of the President (EOP) System**

The audit was initiated to advise the Archivist of the current status of the EOP system. As noted above, due to schedule delays the developmental effort of ERA is proceeding on two separate tracks: the ERA Base System and the Executive Office of the President (EOP) System. The EOP System will provide ingest, search, and retrieval capabilities for the records of the George W. Bush administration. As part of our on-going effort to review the development and implementation of the ERA system, we reviewed the EOP system concerning sensitive but unclassified electronic data to be transferred to NARA from the George W. Bush administration.

Our review of the EOP System development effort revealed that due to the expected volume of electronic records from the Bush administration, and the possibility of receiving these records in unknown or incompatible formats, NARA will not be able to rely solely on the EOP System to comply with the Presidential Records Act, and will incur additional costs.

# AUDITS

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While the EOP System achieved Initial Operating Capability on December 5, 2008, this does not mean the system currently has the capability to ingest, search, and access all electronic records from the White House. This conclusion is supported by the fact that the Contingency Plan for Bush Presidential electronic records has been invoked for two proprietary systems. It is estimated the Bush Administration's electronic records will total about 100 terabytes as compared to the two terabytes of data received from the Clinton Administration. Any records that cannot be ingested in a way supporting search and retrieval immediately after the change in administration will affect the time and cost for NARA to comply with the Presidential Records Act.

During testing of the ingest function, the main archival storage component for the EOP experienced stability problems resulting in significant slowdowns in the system's ability to ingest records. The vendor issued software patches which appear to have corrected the stability problems in the test environment. However, there are two performance requirements that may not be met relating to the amount of time to perform ingest and search functions. Results from laboratory tests of these functions in October 2008 indicate they fall short of the performance requirements. The vendor is working on reducing the response times in their test lab. At this time, it is unknown how the system will respond in a production environment to the full volume of White House electronic records. (Audit Report #09-06, dated January 13, 2009.)

## **The Omission of Classified Electronic Records from the EOP System**

This audit focused on assessing the current status of the ERA program and determining whether the program (1) is meeting cost and schedule requirements, and (2) will be able to cost-effectively meet future target implementation dates. Specifically, we reviewed the handling of classified electronic records from the George W. Bush administration by the ERA's EOP system.

During the course of our review, NARA removed classified records from the scope of the requirements for the EOP System. Therefore, classified records from the George W. Bush administration are not going to be included in the EOP System. In our opinion, this will negatively affect the cost and implementation schedule of the ERA project. ERA was to enhance NARA's ability to comply with the requirements of the Presidential Records Act by providing rapid ingestion of data in a permanent, secure environment and eliminating the need to migrate the data to new or updated systems in the future. Excluding classified records from the EOP System raises the following concerns:

- What are the associated costs to maintain classified electronic records in a non-ERA system?
- What are the additional costs needed to develop and implement an EOP National Security System (NSS) in the future to handle classified records?
- How will the cost and schedule of the overall ERA development effort be impacted?

NARA officials stated the reasons for not including classified records in the EOP System were the lack of funding and the additional level of effort needed to certify and accredit a system with classified records.

# AUDITS

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NARA requested funding to ensure ERA has the capability to ingest, store, preserve, and manage classified and unclassified electronic records in an appropriate and secure environment from the Bush administration. However, a modification was issued to the ERA contract that estimated the total cost of the EOP System at \$38.9 million and states the EOP System acquired under this modification does not include scope for an EOP National Security System (NSS). The NSS would handle classified electronic records from the Bush administration. The modification further states that if an EOP NSS is required by the Government in the future, additional cost will be required to complete the procurement, installation, configuration, testing, and deployment. When asked how the classified White House electronic records would be handled, a NARA official told us the majority of these records would be transferred to NARA on USB drives and a stand-alone server. Further, NARA will have to license the software necessary to search this data. (Audit Report #09-07, dated January 16, 2009.)

## **NARA's Transition to Internet Protocol Version 6 (IPv6)**

An Internet protocol (IP) provides the addressing mechanism defining how and where information such as text, voice, and video move across interconnected networks. Internet protocol version 4 (IPv4), which is widely used today, may not be able to accommodate the increasing number of global users and devices connecting to the Internet. As a result, IP version 6 (IPv6) was developed to increase the amount of available IP address space. Use of both IPv4 and IPv6 is expected to overlap for some time, and the hardware and software infrastructure needed to support both IPv4 and IPv6 presents a challenge to the Federal Government.

To guide Federal Government agencies in their transition to IPv6, in August 2005, the Office of Management and Budget (OMB) issued Memorandum M-05-22, "Transition Planning for Internet Protocol Version 6," which outlined a transition strategy for agencies to follow and established the goal for all Federal agency network backbones to support IPv6 by June 30, 2008.

We assessed NARA's efforts to transition to IPv6. Specifically, we sought to determine whether NARA was in compliance with the OMB mandate and, if not, to identify what major obstacles or challenges exist and whether a plan for compliance has been developed. To accomplish our objective, we determined whether a) NARA tested the scenarios required by OMB and the CIO Council in their Demonstration Plan; b) NARA adequately planned for the transition; c) whether NARA officials had taken action to address security risks associated with IPv6; and d) whether controls were in place to ensure new IT procurements were IPv6 compliant.

We found NARA did not comply with the OMB mandate by not verifying whether the network backbone is capable of supporting IPv6. Specifically, IPv6 testing on the production environment did not test NARA's ability to transport IPv6 traffic through all devices in the core network and did not test whether NARA could successfully receive and transmit IPv6 traffic outside NARA's network. We also found NH officials involved in planning for the transition to IPv6 have not identified or addressed risks and challenges associated with the transition. In addition, management controls were not in place to ensure new IT procurements would be IPv6 compliant.

# AUDITS

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We made five audit recommendations which upon implementation would both bring NARA into compliance with OMB requirements and provide the foundational structure for transition to IPv6. However, CIO only concurred with one recommendation and did not fully concur with four of the recommendations. (Audit Report# 09-05, dated March 11, 2009).

## **Controls over Presidential Library Textual Records**

In FY 2007 we conducted an audit of the controls over artifacts at the Presidential libraries. During the commencement of field work for that audit the OIG received an inquiry from United States Senator Charles Grassley's office asking us to conduct an audit of the actions taken by Presidential libraries in order to protect and preserve Presidential collections. This audit, focusing on the controls over Presidential library textual records, was conducted to fulfill Senator Grassley's request and compliments our previous audit on the controls over Presidential library artifacts.<sup>2</sup>

This audit revealed that controls over Presidential Library textual records, in general, appear to be adequate and functioning properly. However, we found that controls can be improved over a subset of records known as Specially Protected Records (SPRs), which are subject to more stringent controls because they are deemed highly valuable and vulnerable.

Specifically the audit revealed (a) Presidential libraries are not in compliance with several requirements contained in NARA 1572, *Security for NARA Holdings*, which provides guidance concerning the security and handling of SPRs; (b) the Security Management Branch (NASS) has not inspected/certified SPR storage areas, and; (c) current guidance is not adequate for ensuring accountability of SPRs at Presidential libraries via sampling. Further, the current level of control on SPRs proscribed by NARA guidance exposes the SPRs to a level of risk and creates a situation where libraries may not be able to identify missing individual SPRs. Management has stated this is an inherent risk which they are willing to accept. Finally, as noted in a previous OIG audit<sup>3</sup> concerning Specially Protected Records and Artifacts, while libraries have taken steps to identify SPRs, not all SPR's have been identified. According to the prior audit, this is an issue related to resources and competing demands, and one which will not be remedied anytime soon.

We made four recommendations that, upon adoption, will help NARA to better ensure the safety and security of Specially Protected Records. Management agreed only to update their regulation on holdings security, and then evaluate the other recommendations afterwards. (Audit Report #09-01, dated January 14, 2009.)

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<sup>2</sup> OIG Audit Report No. 08-01, *Audit of the Process of Safeguarding and Accounting for Presidential Library Artifacts* (October 26, 2007)

<sup>3</sup> OIG Audit Report No. 07-01, *Audit of Management Controls for Safeguarding NARA's Specially Protected Records and Artifacts Stored in Secured Stacks, Vaults, and Safes* (October 12, 2006).

## **Regional Archives Compliance with Procedures for Controlling Specially Protected Holdings**

This audit was undertaken pursuant to audit work conducted by this office of the controls over Presidential Library (NL) textual records. While performing field work for the Presidential libraries audit the OIG discovered the regional archives were not in compliance with several aspects of NARA's policy on security for NARA holdings, including materials in specially protected holdings that had been identified as needing special protection. We found regional archives had not performed the following activities relating to controls over specially protected holdings, as required by NARA directive: (a) nominated selected staff for background checks required to access vaults or other specially protected areas (nominations to be sent to NASS); (b) reported their storage methods, exact container locations, and names of staff with access to specially protected holdings to NASS, and; (3) performed annual inventories of specially protected holdings and provided the results to the office head.

As a result of these conditions NR lacks assurance that specially protected holdings are being controlled in a manner consistent with their value. We made four recommendations that, upon adoption, will help NARA to better ensure the safety and security of Specially Protected Records. Management agreed only to update their regulation on holdings security, and then evaluate the other recommendations afterwards. (Audit Report #09-04, dated January 15, 2009.)

## **NARA's Workers' Compensation Program**

The Federal Employees' Compensation Act (FECA) provides compensation benefits to Federal civilian employees for disability due to traumatic injury or disease sustained while in the performance of duty. The FECA program is administered by the Office of Workers' Compensation Programs (OWCP), a component of the Employment Standards Administration (ESA) with the United States Department of Labor (DOL).

We audited NARA's WCP to determine whether management controls were efficient and effective to ensure that appropriate benefits accrued to injured employees, costs were adequately managed and controlled, and FECA guidelines were met. Overall, we found serious deficiencies in NARA's WCP due to a lack inadequate program oversight and ineffective program management. The lack of a centralized, well-managed WCP resulted in the program's vulnerability to fraud, waste and abuse. The deficiencies found prevented NARA from meeting the intent of FECA. Specifically we found (1) long-term case files were not monitored/managed; (2) a formal Return-to-Work program was not developed; (3) NARA did not verify compensation benefits reported on chargeback cost reports; (4) Continuation of Pay (COP) benefits were not consistently monitored; (5) NARA's WCP lacked comprehensive written policies and procedures; (6) NARA lacked guidance and training for its WCP personnel; (7) case files were both missing and not adequately documented; and (8) employee claims were not processed in a timely manner. Additionally, clear assignment of WCP roles and responsibilities were not established to ensure NARA's WCP was properly administered.

# AUDITS

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As a result of these weaknesses, we identified claimants who were receiving long-term compensation for up to 30 years despite failing to meet FECA guidelines for providing medical documentation to support continued program eligibility. We identified claimants who were not offered limited duty when capable; and when permanent restrictions existed, were not recommended for vocational rehabilitation in a timely manner. In addition, NARA did not verify its workers' compensation chargeback reports or COP payments to ensure claimants were paid accurately. We found several overpayments of compensation benefits; in one case an employee was over paid \$35,685.

The lack of oversight and program management given to NARA's WCP contributed to the 83-percent rise in program costs over the last ten years. Cognizant management officials attributed these programmatic failures to an overall lack of oversight by responsible parties in prior years and the associated decentralization of program responsibility.

Management, recognizing the need to improve WCP oversight and program management, initiated discussions and corrective measures during the course of this audit. We have made six recommendations for action necessary to address the findings identified in our audit and to assist management in improving program stewardship and reducing NARA WCP costs. Management concurred with the recommendations and initiated corrective action. (Audit Report #09-10, dated March 6, 2009.)

## **Audit of NARA's Fiscal Year 2008 Financial Statements**

Clifton Gunderson LLP (CG), an independent public accounting firm, examined and reported on NARA's consolidated balance sheets as of September 30, 2008 and 2007, and the related statements of net cost, changes in net position, and combined statement of budgetary resources for the years then ended.

CG issued an unqualified opinion of the FY 2008 and 2007 financial statements. CG reported one significant deficiency in internal control over financial reporting in the area of Information Technology resulting in 13 recommendations, which if implemented, should correct the matters reported. CG disclosed no material weaknesses and no instances of noncompliance with certain provisions of laws and regulations. Management concurred with CG's assessment and agreed to initiate corrective action.

We monitor CG's performance of the audit to ensure the audit is conducted in accordance with the terms of the contract and in compliance with GAO-issued *Government Auditing Standards* and other authoritative references, such as OMB Bulletin No. 07-04, *Audit Requirements for Federal Financial Statements*. We are involved in the planning, performance, and reporting phases of the audit through participation in key meetings, discussion of audit issues, and reviewing of CG's work papers and reports. Our review disclosed no instances wherein CG did not comply, in all material respects, with the contract or *Government Auditing Standards*. (Audit Report #09-02, dated December 4, 2008.)

# ***INVESTIGATIONS***

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## **Investigations Overview**

During this reporting period, the Office of Investigations (OI) opened 15 investigations, closed nine investigations, and recovered 21 records. The OI also received 57 complaints and closed 46 complaints. Additionally, the OI conducted joint investigations with the Federal Protective Service, the U.S. Secret Service, the FBI, the Atlanta Police Department, the Metro D.C. Police Department, the CIA, the Department of State, U.S. Army CID, the U.S. Marine Corps Historical Office, and Scotland Yard, as well as the Offices of Inspectors General at the General Services Administration, the U.S. Postal Service, the Veterans Administration, and the Office of Personnel Management. At the close of the period, there remained 30 open complaints and 35 open investigations.

## **Updates on Previously Reported Investigations**

### **Alleged Wire Fraud, Theft of Public Money, Money Laundering**

A former NARA employee and a former NARA contractor, who are alleged to have stolen nearly \$1 million from NARA, were indicted by a Federal grand jury in the District of Maryland. Arrest warrants were subsequently issued and executed. Both subjects made their first appearances in court, and NARA OIG seized two vehicles belonging to the former contractor.

### **False Claims**

A NARA contractor submitted claims for hours worked by unqualified personnel in violation of the terms of its contract. An Assistant United States Attorney declined the case for criminal prosecution. A United States civil attorney has accepted the case for civil action. This investigation is ongoing and remains pending with the U.S. civil attorney.

### **Personally Identifiable Information on Scrap Laptops**

Laptop computers exsessed from the National Archives were released to a non-government contractor without having been appropriately erased. The computers were seized by the OI and subjected to forensic analysis. This analysis revealed sensitive information from the Information Security Oversight Office as well as personally identifiable information (PII) for several people. The OI's investigation is ongoing.

### **Misuse of NARA Seal and the Great Seal**

A website was using the official NARA Seal without permission from the Archives, as well as improperly using the Great Seal of the United States. After failing to be responsive to several letters and telephone calls ordering the removal of the seals from the website, the case was accepted for prosecution by an Assistant United States Attorney. Subsequently, the seals were taken down and the prosecution was ultimately dismissed.

### **Conspiracy to Defraud the Federal Government**

A NARA contractor received information technology equipment under false pretenses. This case has been accepted for prosecution by an Assistant United States Attorney and remains ongoing.

# ***INVESTIGATIONS***

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## **Child Pornography**

A forensic analysis conducted on a laptop computer improperly accessed from NARA found evidence of child pornography. The employee who used the computer had left Federal service and become a Federal contractor at a different agency. The case was referred to the new agency's criminal investigative service for action as they deem appropriate.

## **Conflict of Interest**

A NARA employee started a private-sector business providing the identical services for which he was employed by the Government. These services were provided commercially on Government time using Government equipment and service priority was given to commercial clients over Government clients. The case was accepted for prosecution by an Assistant United States Attorney.

## **Mishandling of Classified Documents**

In 2007, more than 6,000 boxes of classified material stored by NARA were reported as missing to the OI. After a lengthy internal inventory, many of these materials have been accounted for, but a remaining 158 boxes of Top Secret and/or Restricted Data materials have not been found. An investigation to determine the status of this TS/RD material remains ongoing.

## **New Investigation Highlights**

### **Procurement Integrity Act Violation**

A NARA employee provided a contract bidder with pre-decisional information allowing the contractor to gain an advantage over other contractors bidding on the contract. When confronted, the subject made false statements to investigators regarding the subject's involvement in the contract award process. The Antitrust Division at the Department of Justice declined prosecution, and the case was transferred to an Assistant U.S. Attorney for a prosecutive, as well as civil action determination.

### **Making and Using a False Writing**

The subject pled guilty to making and using a false writing. The subject knowingly and willfully forged the name of a military veteran on a Military Record Retrieval Authorization form in order to obtain private and official United States military records of that serviceman held by NARA at the National Personnel Records Center (NPRC) in St. Louis, Missouri. The subject was requesting these documents for a client seeking information about the particular veteran. Sentencing is set for the next reporting period.

### **Inappropriate Conduct**

The OIG substantiated a NARA employee kissed a coworker without her consent. The subject also had verbal and physical contact of an inappropriate nature with coworkers that exceeded generally accepted standards of office decorum by touching NARA staff without consent, and continuously requesting employees to meet and socialize after-hours despite repeated refusals. The subject resigned from NARA, and the Department of Justice declined prosecution.

# **INVESTIGATIONS**

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## **Transit Authority Check Fraud**

The subject, a NARA employee, was receiving transit checks as part of NARA's Public Transportation Subsidy Program. Instead of using the checks for public transportation, the subject sold them for cash. The case was declined for prosecution by Federal and local prosecutors, and the subject resigned his position in lieu of termination.

## **Counterfeit/Grey Market IT Contract Fraud**

An IT contractor provided NARA with counterfeit and "grey market," or resold, equipment in violation of the contract terms. The case has been accepted for prosecution by an Assistant United States Attorney for mail and wire fraud, as well as false claims. The investigation remains ongoing.

## **Lost/Stolen Presidential Records**

Original Clinton Presidential records were lost after a request for them was processed at the William J. Clinton Presidential Library. This investigation was not resolved. While violations of NARA policy related to the security of NARA holdings were substantiated, the missing folders were not recovered. Administrative action remains pending.

## **Falsification of Military Service Records**

The subject falsified his military service record and then sent the record through the United States Postal Service under cover of a forged letter and envelope bearing NARA's seals and markings. The subject also provided false statements concerning his prior military service on an official Federal employment application and was subsequently employed by the Department of the Army. An Assistant United States Attorney has accepted this case for prosecution.

## **Intrusion at Presidential Library**

An unidentified intruder gained unlawful entry to the Jimmy Carter Library and Museum in Atlanta, Georgia, and three bicycles were later found to be missing—including one donated to Former President Carter and a second donated to Former First Lady Rosalyn Carter. A security guard did not appropriately respond during the incident. The OIG joined with the U.S. Secret Service and the Atlanta Police Department in this investigation, which remains ongoing.

## **Privacy Act/Release of Personally Identifiable Information**

NARA returned defective computer drives to the manufacturer for maintenance and/or replacement without effectively wiping the drives of Privacy Act information and personally identifiable information. The drives could not be recovered from the manufacturer, and the investigation is ongoing.

## **Hit and Run of Government Vehicle**

A NARA vehicle was struck by another vehicle, which left the scene immediately. A passenger in the NARA vehicle saw the license plate number of the subject vehicle and reported the number to the OIG. The OIG worked with Metro D.C. Police Department to locate and contact the subject who then admitted to fleeing the scene of an accident. The subject was issued a citation and ordered to pay for damages to the NARA vehicle.

# ***INVESTIGATIONS***

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## **Other Office of Investigation Activity**

### **Archival Recovery Team (ART)**

During this period, the Archival Recovery Team fielded 24 complaints and opened one investigation. Twenty-two complaints and three investigations were closed. In addition, 16 non-criminal ART cases were referred to NARA for a recovery determination. At the close of the period, 16 ART complaints and six ART investigations remained open. The ART successfully recovered 21 records during the period.

As part of the ART's outreach program, Office of Investigations staff attended the following shows to educate the public about the NARA OIG and ART:

- In October 2008, ART members and OIG staff attended and displayed at the Fall Gettysburg Show in Gettysburg, Pennsylvania. The show features dealers in Civil War, World War I, and World War II memorabilia.
- In November 2008, ART members attended and displayed at the 28th Annual Capitol of the Confederacy Civil War Show in Richmond, Virginia.
- In December 2008, ART members attended and displayed at the 22nd Annual Middle Tennessee Civil War Show in Nashville, Tennessee.
- In December 2008, ART members attended the Third Annual Washington Historical Autograph and Manuscript Show in Rosslyn, Virginia.
- In March 2009, ART members and OIG staff attended the Baltimore Antique Arms Show in Timonium, Maryland.
- In March 2009, ART members and OIG staff attended the Militaria Show in Pikesville, Maryland.

A variety of significant historical documents can be viewed on the ART's missing documents web page located at <http://www.archives.gov/research/recover/missing-documents.html>.

### **Computer Crimes Unit**

During the reporting period, the computer crimes unit provided digital forensic support to numerous criminal investigations. Specifically, the computer forensic examiner participated in the execution of a search warrant that resulted in the seizure of several computer workstations, network servers, and other digital evidence. In addition, the computer forensic examiner extracted video and audio footage obtained during undercover operations, examined restored email, and performed the forensic examination of digital evidence including internal hard drives, external hard drives, and USB flash drives. Further, the computer forensic examiner enhanced the capability of the NARA OIG computer lab by obtaining equipment and software to support the forensic examination of cell phones and personal digital devices.

# INVESTIGATIONS

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## OIG Hotline

The OIG Hotline provides a confidential channel for reporting fraud, waste, abuse, and mismanagement to the OIG. In addition to receiving telephone calls at a toll-free Hotline number and letters to the Hotline post office box, we also accept e-mail communication from NARA's internal network or the Internet through the Hotline e-mail system. Walk-ins are always welcome. Visit <http://www.archives.gov/oig/> for more information, or contact us:

- **By telephone**  
Washington, DC, Metro area: (301) 837-3500  
Toll-free and outside the Washington, DC, Metro area: (800) 786-2551
- **By mail**  
NARA OIG Hotline  
P.O. Box 1821  
Hyattsville, MD 20788-0821
- **By e-mail**  
[oig.hotline@nara.gov](mailto:oig.hotline@nara.gov)
- **By online referral form**  
<http://www.archives.gov/oig/referral-form/index.html>

The Office of Investigations promptly and carefully reviews calls, letters, and e-mail to the Hotline. We investigate allegations of suspected criminal activity or civil fraud and conduct preliminary inquiries on non-criminal matters to determine the proper disposition.

Where appropriate, referrals are made to the OIG audit staff, NARA management, or external authorities. Hotline contacts are captured as complaints in the Office of Investigations. The following table summarizes complaints received and Hotline activity for this reporting period:

Complaints received	57
Complaints closed pending response from NARA	9
Complaints closed final	37
Complaints open to Investigations	10

# ***TOP TEN MANAGEMENT CHALLENGES***

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## **Overview**

Under the authority of the Inspector General Act, the NARA OIG conducts and supervises independent audits, investigations, and other reviews to promote economy, efficiency, and effectiveness and to prevent and detect fraud, waste, and mismanagement. To fulfill our mission and help NARA achieve its strategic goals, we have aligned our programs to focus on areas we believe represent the agency's most significant challenges. We have identified those areas as NARA's top ten management challenges.

### **1. Electronic Records Archives (ERA)**

NARA's challenge is to build a system accommodating past, present, and future formats of electronic records. However, the ERA program has experienced delivery delays, budgeting problems, and contractor staffing problems. Initial Operating Capacity (IOC) for the ERA Program was delayed from September 2007 until June 2008, and the program functions at IOC were reduced as well. Further, due to delays, the system component to handle all White House records (the EOP System) was segregated out and pursued down a separate line of programming, and is not able to handle any classified records. Currently NARA staff is not able to clearly define what the ERA system will be able to do or what functions it will provide to NARA when the program reaches Full Operating Capability, currently predicted in 2012. The success of this mission-critical program is uncertain. The challenge will be to deliver and maintain a functional ERA system that will preserve and provide access to electronic records for as long as needed.

### **2. Improving Records Management**

Part of NARA's mission is ensuring Federal officials and the American public have continuing access to the records of our government. NARA must work with Federal agencies to ensure scheduling, appraisal, and accessioning processes are effective and efficient; allowing NARA to meet its strategic goal of ensuring access to these records as soon as legally possible. The key challenge is how best to accomplish this component of our overall mission and identify and react to agencies with critical records management needs, especially in an environment in which an increasing amount of records are electronic as opposed to textual.

NARA also directs the Electronic Records Management (ERM) initiative, one of 24 Government-wide initiatives. The ERM initiative will provide guidance to agencies in managing and transferring to NARA, in an increasing variety of data types and formats, their permanent electronic records. In June 2008, GAO recommended NARA develop and implement an approach to provide oversight of agency records management programs that provides adequate assurance agencies are following NARA guidance. NARA and its Government partners are challenged with determining how to manage electronic records and how to make ERM and e-Government work more effectively.

### **3. Information Technology Security**

The Archivist identified IT Security as a material weakness under the Federal Managers Financial Integrity Act reporting process in FY 2007 and FY 2008. NARA's Office of

# ***TOP TEN MANAGEMENT CHALLENGES***

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Information Services (NH) conducted an independent assessment of the IT security program using the Program Review for Information Security Management Assistance (PRISMA) methodology developed by the National Institute for Standards and Technology (NIST) in FY 2007. The assessment stated NARA's policy and supporting procedures for IT security were weak, incomplete, and too dispersed to be effective.

Information technology security continues to present major challenges for NARA. The confidentiality, integrity and availability of our electronic records and information technology systems are only as good as our IT security infrastructure. Each year, the risks and challenges to IT security continue to evolve. NARA must ensure the security of its data and systems or risk undermining the agency's credibility and ability to carry out its mission.

## **4. Expanding Public Access to Records**

In a democracy, the records of its archives belong to its citizens. NARA's challenge is to more aggressively inform and educate our customers about the services we offer and the essential evidence to which we can provide access. Of critical importance is NARA's role in ensuring the timeliness and integrity of the declassification process of classified material held at NARA.

Another challenge for NARA, given society's growing expectation for easy and near-immediate access to information on-line, will be to provide such access to records created digitally (i.e., "born digital") and to identify those textual records most in demand so they can be digitized and made available electronically.

## **5. Meeting Storage Needs of Growing Quantities of Records**

NARA-promulgated regulation 36 CFR Part 1228, "Disposition of Federal Records," Subpart K, "Facility Standards for Records Storage Facilities," requires all facilities housing Federal records to meet defined physical and environmental requirements by FY 2009. NARA's challenge is to ensure its own facilities, as well as those used by other Federal agencies, are in compliance with these regulations.

## **6. Preservation Needs of Records**

As in the case of our national infrastructure (bridges, sewer systems, etc.), NARA holdings grow older daily and are degrading. The Archivist previously identified preservation as a material weakness under the Federal Managers' Financial Integrity Act reporting process. However, in FY 2006, preservation was downgraded to a reportable condition, and it is currently being monitored as a significant deficiency. The OIG strongly disagrees with this. Preserving and providing access to records is a fundamental element of NARA's duties to the country. NARA cannot provide access to records needs unless it can preserve them for as long as needed. The current backlog of records needing preservation is growing. NARA is challenged to address this backlog and future preservation needs. The challenge of ensuring NARA facilities meet environmental standards for preserving records (see OIG Challenge #5) also plays a critical role in the preservation of Federal records.

# ***TOP TEN MANAGEMENT CHALLENGES***

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## **7. Improving Project Management**

Effective project management is essential to obtaining the right equipment and systems to accomplish NARA's mission. Complex and high-dollar contracts require multiple program managers, often with varying types of expertise. NARA is challenged with planning projects, developing adequately defined requirements, analyzing and testing to support acquisition and deployment of the systems, and oversight to ensure effective or efficient results within costs. These projects must be managed and tracked to ensure cost, schedule and performance goals are met.

## **8. Physical and Holdings Security**

The Archivist has identified security of collections as a material weakness under the FMFIA reporting process. NARA must maintain adequate levels of security to ensure the safety and integrity of persons and holdings within our facilities. This is especially critical in light of the security realities facing this nation and the risks that our holdings may be pilfered, defaced, or destroyed by fire or other man-made and natural disasters.

## **9. Contract Management and Administration**

The GAO has identified Commercial Services Management (CMS) as a Government-wide initiative. The CMS initiative includes enhancing the acquisition workforce, increasing competition, improving contract administration skills, improving the quality of acquisition management reviews, and strengthening contractor ethics requirements. Effective contract management is essential to obtaining the right goods and services at a competitive price to accomplish NARA's mission. NARA is challenged to continue strengthening the acquisition workforce and improve the management and oversight of Federal contractors. NARA is also challenged with reviewing contract methods to ensure a variety of procurement techniques are used and used properly in accordance with the Federal Acquisition Regulations.

## **10. Strengthening Human Capital**

The GAO has identified human capital as a Government-wide high risk. NARA's challenge is to adequately assess its human capital needs in order to effectively recruit, retain, and train people with the technological understanding and content knowledge that NARA needs for future success. In OPM's 2008 Federal Human Capital Survey, NARA ranked 33 out of 37 agencies in the Leadership and Knowledge Management Index, and 32 out of 37 agencies in the Job Satisfaction Index. Further, in November 2007, OPM reported NARA had not established a formal human capital plan addressing the alignment of human resource policies and programs to organizational mission, strategic goals, and performance measures. Continuity of leadership within NARA is not ensured because it has not developed a comprehensive succession program providing training to employees to develop them as managers.

# ***REPORTING REQUIREMENTS***

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## **MANDATED BY THE INSPECTOR GENERAL ACT OF 1978, AS AMENDED, AND OTHER LAWS**

<b><u>REQUIREMENT</u></b>	<b><u>SUBJECT</u></b>	<b><u>PAGE(s)</u></b>
Section 4(a)(2)	Review of legislation and regulations	12
Section 5(a)(1)	Significant problems, abuses, and deficiencies	6, 15-23
Section 5(a)(2)	Significant recommendations for corrective action	15-20
Section 5(a)(3)	Prior significant recommendations unimplemented	34
Section 5(a)(4)	Summary of prosecutorial referrals	31
Section 5(a)(5)	Information or assistance refused	34
Section 5(a)(6)	List of reports issued	32
Section 5(a)(7)	Summaries of significant reports	15-20
Section 5(a)(8)	Audit Reports—Questioned costs	32, 33
Section 5(a)(9)	Audits Reports—Funds put to better use	32, 34
Section 5(a)(10)	Prior audit reports unresolved	34
Section 5(a)(11)	Significant revised management decisions	34
Section 5(a)(12)	Significant revised management decisions with which the OIG disagreed	34
P.L. 110-181	Annex of completed contract audit reports	33

# REPORTING REQUIREMENTS

## STATISTICAL SUMMARY OF INVESTIGATIONS

<i>Investigative Workload</i>	
Complaints received this reporting period	57
Investigations pending at beginning of reporting period	29
Investigations opened this reporting period	15
Investigations closed this reporting period	9
Investigations carried forward this reporting period	35
<i>Categories of Closed Investigations</i>	
Fraud	3
Conflict of Interest	0
Contracting Irregularities	0
Misconduct	0
Larceny (theft)	3
Other	3
<i>Investigative Results</i>	
Cases referred – accepted for prosecution	2
Cases referred – declined for prosecution	4
Cases referred – pending prosecutive decision	1
Arrest	0
Indictments and informations	1
Convictions	1
Fines, restitutions, judgments, and other civil and administrative recoveries	0
NARA holdings recovered	21
<i>Administrative Remedies</i>	
Employee(s) terminated	0
Employee(s) resigned in lieu of termination	3
Employee(s) suspended	2
Employee(s) given letter of reprimand or warnings/counseled	3
Employee(s) taking a reduction in grade in lieu of administrative action	0
Contractor (s) removed	1

# ***REPORTING REQUIREMENTS***

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## **SUMMARY OF PROSECUTORIAL REFERRALS** **Requirement 5(a)(4)**

### **Accepted for Prosecution**

#### **Falsification of Military Service Records**

Subject falsified his military service record and then sent the record through the United States Postal Service under cover of a forged cover letter and envelope bearing NARA's seal and markings. The subject created the false envelope and cover letter to legitimize the authenticity of his altered military service record. The subject also provided false statements concerning his prior military service on an official Federal employment application and was subsequently employed by the Department of the Army by way of the falsified employment application. An Assistant United States Attorney has accepted this case for prosecution.

#### **Counterfeit/Grey Market IT Contract Fraud**

An IT contractor provided NARA with counterfeit and "grey market," or resold, equipment in violation of the contract terms. The case has been accepted for prosecution by an Assistant United States Attorney for mail and wire fraud, as well as false claims. The investigation remains ongoing.

### **Declined for Prosecution**

#### **Transit Authority Check Fraud**

The subject, a NARA employee, was receiving transit checks as part of NARA's Public Transportation Subsidy Program. Instead of using the checks for public transportation, the subject sold them for cash. The case was declined for prosecution by Federal and local prosecutors, and the subject resigned his position in lieu of termination.

#### **Misuse of NARA Seal and the Great Seal**

A website was using the official NARA Seal without permission from the National Archives, as well as improperly using the Great Seal of the United States. After failing to be responsive to several letters and phone calls ordering the removal of the seals from the website, the case was accepted for prosecution by an Assistant United States Attorney. Subsequently, the seals were taken down and prosecution was ultimately dismissed.

#### **Theft of Funds**

The subject used a Presidential Library Foundation's credit card to purchase \$70,000 to \$140,000 of personal items and services. The subject's family reimbursed the Government, and due to the subject's mental health, the case was declined for prosecution.

#### **Procurement Integrity Act Violation**

A NARA employee provided a contract bidder with pre-decisional information allowing the contractor to gain a significant advantage over other contractors bidding on the contract. When confronted, the subject made false statements to investigators regarding their involvement in the contract award process. The Antitrust Division at the Department of Justice declined prosecution, and the case was transferred to an Assistant U.S. Attorney for a prosecutive, as well as civil action determination. (See below.)

### **Pending Prosecutorial Determination**

#### **Procurement Integrity Act Violation**

A NARA employee provided a contract bidder with pre-decisional information allowing the contractor to gain a significant advantage over other contractors bidding on the contract. When confronted, the subject made false statements to investigators regarding their involvement in the contract award process. The Antitrust Division at the Department of Justice declined prosecution, and the case was transferred to an Assistant U.S. Attorney for a prosecutive, as well as civil action determination. (See above.)

# ***REPORTING REQUIREMENTS***

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## **LIST OF REPORTS ISSUED Requirement 5(a)(6)**

<b>Report No.</b>	<b>Title</b>	<b>Date</b>	<b>Questioned Costs</b>	<b>Unsupported Costs</b>	<b>Funds Put to Better Use</b>
09-01	Audit of the Controls over Presidential Library Textual Records	03/11/2009	0	0	0
09-02	Audit of NARA's Fiscal Year 2008 Financial Statements	12/04/2008	0	0	0
09-03	Audit of NARA's OIG Monitoring of the Electronic Records Archives Program Status	01/06/2009	0	0	0
09-04	Regional Archives Compliance with Procedures for Controlling Specially Protected Holdings	01/15/2009	0	0	0
09-05	Audit of NARA's Transition to Internet Protocol Version 6	03/11/2009	0	0	0
09-06	Audit of NARA's Monitoring of the Executive Office of the President System	01/13/2009	0	0	0
09-07	Audit of the Omission of Classified Electronic Records from the EOP System	01/16/2009	0	0	0
09-10	Audit of NARA's Workers' Compensation Program	03/06/2009	0	0	\$35,685

# REPORTING REQUIREMENTS

## AUDIT REPORTS WITH QUESTIONED COSTS Requirement 5(a)(8)

Category	Number of Reports	DOLLAR VALUE	
		Questioned Costs	Unsupported Costs
A. For which no management decision has been made by the commencement of the reporting period	0	\$0	\$0
B. Which were issued during the reporting period	0	\$0	\$0
Subtotals (A + B)	0	\$0	\$0
C. For which a management decision has been made during the reporting period	0	\$0	\$0
(i) dollar value of disallowed cost	0	\$0	\$0
(ii) dollar value of costs not disallowed	0	\$0	\$0
D. For which no management decision has been made by the end of the reporting period	0	\$0	\$0
E. For which no management decision was made within 6 months	0	\$0	\$0

## ANNEX ON COMPLETED CONTRACT AUDIT REPORTS

Section 845 of the 2008 Defense Authorization Act, Public Law 110-181, requires certain information on completed contract audit reports containing significant audit findings be included as an annex to this report. While significant audits on the ERA contract were completed during this period (please see pages 15-16), these were program audits as opposed to contract audits.

# REPORTING REQUIREMENTS

## AUDIT REPORTS WITH RECOMMENDATIONS THAT FUNDS BE PUT TO BETTER USE Requirement 5(a)(9)

CATEGORY	NUMBER	DOLLAR VALUE
A. For which no management decision has been made by the commencement of the reporting period	0	\$0
B. Which were issued during the reporting period	1	\$35,685
Subtotals (A + B)	1	\$35,685
C. For which a management decision has been made during the reporting period	1	\$0
(i) dollar value of recommendations that were agreed to by management	0	\$0
Based on proposed management Action	0	\$0
Based on proposed legislative Action	0	\$0
(ii) dollar value of recommendations that were not agreed to by management	0	0
D. For which no management decision has been made by the end of the reporting period	1	\$35,685
E. For which no management decision was made within 6 months of issuance	0	0

## OTHER REQUIRED REPORTS

REQUIREMENT	CATEGORY	SUMMARY
5(a)(3)	Prior significant recommendations unimplemented	None
5(a)(5)	Information or assistance refused	None
5(a)(10)	Prior audit reports unresolved	None
5(a)(11)	Significant revised management decisions	None
5(a)(12)	Significant revised management decisions with which the OIG disagreed	None