

# OFFICE OF INSPECTOR GENERAL

## *Semiannual Report to Congress*

APRIL 1, 2009—SEPTEMBER 30, 2009

NATIONAL ARCHIVES AND  
RECORDS ADMINISTRATION



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# FOREWORD

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*On September 3, 2009 the Acting Archivist of the United States (AUS) announced the establishment of the National Archives and Records Administration (NARA) Holdings Protection Program. The program will be designed to address holdings protection agency-wide through the development of training, and by establishing holdings protection policies and procedures. The Holdings Protection Team members will be assigned to work with agency offices to provide assistance and advice; conduct inspections to ensure holdings protection policies and procedures are being followed; conduct risk assessments; and more.*

*The Acting Archivist of the United States stated the establishment of the Holdings Protection Program will enable NARA to strengthen the infrastructure necessary to protect our holdings, increase accountability and implement rapid administrative corrective action. It will hopefully also provide valuable support to the Office of Inspector General's Archival Recovery Team (ART), which continues to provide outstanding support to our stakeholders.*

*I applaud this action for it responds to the call I have expressed since my appointment as Inspector General a decade ago. My message in this regard has been clear and unfailing as has my identification of holding security as a material weakness under the provisions of the Federal Managers Financial Integrity Act. While not formally briefed as to why the Holding Protection Program is now being stood-up, sources have pointed to the recent security breach resulting in the loss of a hard drive containing two terabytes of material from the Clinton White House, which included vast amounts of personally identifiable information (PII), as the proverbial straw that broke the camel's back. Specific to this investigation, on July 30, 2009, I testified to Congress that "controls in place were readily bypassed and obviously compromised on an ongoing and dynamic basis. Quite simply, this was an accident waiting to happen." The litany of "accidents" that have happened over the years is troubling. Information in the body of this semiannual report further defines elements of this particular loss, and another hard drive containing veterans' information which inappropriately left NARA's control.*

*It is my hope the Holdings Protection Program will be well conceived, properly staffed, empowered and supported by the agency. I certainly have reason to believe that, upon confirmation, the next Archivist of the United States will be a proponent of a strong and robust holdings security program. The focus upon holding security should likewise embrace and encompass the protection of PII created and maintained by NARA.*

*One can assume I am biased, but I state nonetheless I am proud of the OIG staff and the professionalism, discipline and energy they bring to the job. Because of the work they do, I continue to consider it an honor to serve as the NARA Inspector General. We have an ambitious agenda ahead of us in the coming months, and I look forward to presenting the results of this effort in future reporting periods.*



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 42nd 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 agency material weaknesses we believe exist in NARA programs and operations is also included, as well as a summary of NARA's 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 and security of NARA's Information Technology (IT) systems, and to assess the economy and efficiency of NARA's programs. Our work this period had a positive impact on agency operations and related 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 February 18, 2009, internal ERA program documentation reflected favorable contract cost and schedule performance, even though critical ERA requirements had been shifted to later increments. Thus, not all required system capabilities were available at the time the ERA was publicized as having achieved Initial Operating Capability (IOC). NARA officials had performed an "Option 1 Overrun Gap Analysis," comparing the system as defined in the contractor's Critical Design Review documents with the system actually provided at IOC. This analysis listed 19 items not provided, but significant to the successful functioning of the ERA System. The contractor was directed to provide a response, with appropriate cost and price breakdown and performance/delivery dates, yet, according to a senior NARA program official, the contractor failed to comply with this request. Instead, NARA and contractor program officials verbally agreed to address these requirements during negotiations for the next stage of the contract, Increment 3. In our opinion, the shifting of requirements to future increments makes it increasingly apparent the current contract will have to be extended or a new follow-on contract awarded in order to complete the program. (Advisory Report #09-11, dated April 16, 2009. See page 13. )
- **NARA's Processing of Military Personnel Records Requests.** NARA's National Personnel Records Center (NPRC) maintains the personnel and medical records of nearly all former members of the U.S. military service departments who served during the twentieth century, and responds to requests for these records. We assessed the management controls over the processing and distribution of veterans' record requests, focusing on whether the process was sufficient to properly safeguard veterans' privacy and information. We found NPRC has taken action to heighten the awareness of staff to erroneous disclosures of

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veterans' information, but controls over the processing of record requests need to be strengthened in order to properly safeguard veterans' personally identifiable information (PII). NPRC relies on an automated case management system to track and process electronic and mail-based inquiries. This system significantly reduces the amount of time it takes to respond to a veteran's request. However, vulnerabilities in the system leaves veterans' PII susceptible to unauthorized disclosure, and jeopardizes the integrity of information stored in the system. Additional safeguards are also needed in order to protect veterans' PII in paper form, and to ensure persons requesting access to records have the proper authorization to obtain them. We made 14 recommendations to improve management controls. Management concurred with 10 recommendations and initiated management action. Management concurred with the intent of the four remaining recommendations and plans to review possible solutions to address three of them, but did not plan to take corrective action to address one recommendation. (Audit Report #09-16, dated September 30, 2009. See page 13.)

- **NARA's Work-at-Home System (WAHS).** The WAHS was a high-priority project initiated to enhance NARA's IT remote access capabilities while satisfying the Office of Management and Budget (OMB) mandate for two-factor authentication. During this audit, we assessed NARA's efforts in developing this system to determine whether the WAHS was developed in accordance with NARA requirements and would meet OMB technical requirements. The requirements of NARA's IT Investment Management Process were not followed resulting in significant program delays, cost overruns, and failure to meet OMB requirements. This overarching condition has left NARA information vulnerable, restricted telecommuting, and impacted NARA's budget through cost overruns and lease of equipment (including leased computer "tokens" at a cost of over \$200,000) which could not be deployed. Further, by not fully defining system requirements, critical technical challenges still needed to be addressed before the system could be fully operational and meet the intent of OMB requirements. Consequently, a system originally estimated to cost \$500,000 has escalated to over \$1.23 million and is still far from full implementation. We made seven recommendations to ensure the system meets OMB requirements and improves the security of remote access to PII and NARA proprietary information. Management concurred with each recommendation and agreed to implement corrective actions (Audit Report #09-15, dated September 29, 2009. See page 14.)
- **NARA's Vehicle Fleet Management.** This audit assessed whether fleet vehicles were adequately utilized and fleet resources were properly controlled. Our audit revealed opportunities exist to strengthen the effectiveness and control over management of NARA vehicles and put approximately \$40,000 of funds to better use. We found that (a) NARA vehicles are, in general, underutilized; (b) NARA has not established policies with criteria related to the mission of a vehicle to ensure decisions to retain vehicles are based on a validated need; (c) NARA has not completed an assessment of its fleet to determine whether they have the right number and type of vehicles; (d) NARA does not have a central agency fleet manager with decision-making authority over the agency's fleet management program at all levels; (e) Controls to request a vehicle and track vehicle usage were not designed to detect or prevent misuse or abuse; (f) Controls to ensure employees possess the appropriate license are not designed to detect or prevent someone with a poor driving record or

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suspended license from using a Government vehicle; and (g) NARA's policies and procedures do not cover key components of an effective fleet management program. We made 12 recommendations to assist the agency in enhancing controls over vehicle fleet management. Management concurred with the recommendations; however, management will perform additional analysis on two of them. (Audit Report #09-13, dated August 26, 2009. See page 15.)

- **NARA's FY 2008 Management Control Program.** The Federal Managers' Financial Integrity Act (FMFIA) requires ongoing evaluations of and reports on the adequacy of internal accounting and administrative control of each executive agency. Annually, the OIG performs a review to ensure agency managers continuously monitor and improve the effectiveness of internal controls associated with their programs. This continuous monitoring in conjunction with other periodic evaluations provides the basis for the agency head's annual assessment of, and report on, internal controls as required by FMFIA. The agency's FY 2008 assurance statement was inaccurate and underreported material risk associated with NARA's Preservation and Processing programs. This is the same conclusion we reached and conveyed to the agency of their FY 2007 assurance statement. A review of open recommendations from last year's audit report found management has not taken action to close the recommendations. Accordingly, NARA continues to exhibit weaknesses in internal controls first identified in FY 2007 which degrade the effectiveness of internal controls and the accuracy of office assurance statements. We made four recommendations to strengthen weaknesses cited in this review. Management concurred with each recommendation. (Audit Report #09-14, dated August 28, 2009. See page 16.)

## **Management Letters**

- **Failure to Provide Complete Information on Records Requests at the National Personnel Records Center (NPRC).** For all armed services except the United States Marine Corps (USMC), the NPRC was routinely withholding records requested by veterans and their next of kin without notifying the requester. This was done for the personnel records of military members who were discharged, retired, or died in service 62 years or less from the date of the request. When a veteran or their next of kin requested "all documents" in an Official Military Personnel File (OMPF), or complete medical records, the NPRC was only providing selected records without informing the requester the file contains more information than was disclosed. Partial responses are given because NPRC believes this meets the needs of the majority of requesters without incurring the cost of processing complete copies of the records. In our opinion, providing partial responses without notifying the requestor more documents exist misleads veterans and other requesters and should not continue. When we brought this condition to management's attention they initiated some immediate actions to inform veterans when records are being withheld. (Management Letter #09-17, dated September 29, 2009.)
- **Potential Data Compromise at the National Personnel Records Center (NPRC).** The OIG advised the Acting Archivist of a significant risk to the agency resulting from a defective practice used to process requests for military records. As a result, the agency was

# ***EXECUTIVE SUMMARY***

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consistently exposing military veterans' personally identifiable information to potential compromise. This condition had persisted for years. When we brought this condition to management's attention they agreed with our concerns and immediately changed the process to properly protect the information. (Management Letter #09-12, dated April 29, 2009.)

## **Investigations**

During this reporting period, the Office of Investigations (OI) opened nine investigations, closed eight investigations, and recovered three historical records. The OI also received 46 complaints and closed 25 complaints. Additionally, the OI worked with the U.S. Secret Service, the FBI, the Department of State Bureau of Diplomatic Security Service, the Naval Criminal Investigative Service, the U.S. Postal Inspection Service, the CIA, the Atlanta Police Department, the Montgomery County (Maryland) Police Department, and the IRS, as well as the Offices of Inspectors General at the General Services Administration, the Department of State, and the Veterans Administration on various issues. At the close of the period, there remained 46 open complaints and 39 open investigations.

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

- Stolen/Missing Presidential Records
- Sensitive and Personally Identifiable Information on Scrap Laptops
- Misuse of the NARA Seal
- Transit Authority Fraud
- Stolen NARA Laptop
- Missing Presidential Correspondence
- Security Clearance Suitability
- Stolen/Missing NARA Property

The Office of Investigations is presently staffed with five 1811 series Special Agents, an investigative archivist, a computer forensic analyst, and an Assistant Inspector General for Investigations. One Special Agent completed the Federal Law Enforcement Training Center's Criminal Investigator Training Program during the period. This team provides investigative coverage to an approximately 3,000-person, 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 a rapid response. The addition of two investigators budgeted for FY 2010, to include a senior-level Special Agent, 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. This continued growth will also allow the OI to expand its physical presence and begin staffing our office at the National Archives facility in Washington, DC. To manage this much-needed growth, the OI completed an internal reorganization, formalizing the status of our computer crimes unit and creating leadership positions to ensure opportunities for professional development within the office.

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## **Inspector General's Concerns**

Readers of our semiannual reports are by now familiar with my concerns about the Electronic Records Archives (ERA) program and the future of Federal recordkeeping. These concerns continue unabated and we will continue to provide as much coverage as resources allow to this nationally important program. In a report issued by the Government Accountability Office (GAO) titled National Archives and Records Administration FY 2009 Expenditure Plan (09-073), GAO auditors defined a series of findings mirroring those reported by our office.

Another concern which has grown exponentially in my mind is security over personally identifiable information (PII). Both our accessioned holdings and our daily working systems contain an almost immeasurable amount of PII. Accordingly, it is paramount for internal controls to be designed, implemented, tested, and routinely updated to address emerging threats to information housed by this agency. The cost of not having a robust and proactive approach in this area far outstrips the costs of proactively and thoroughly implementing proper controls on the front-end.

Forensic investigative work performed by my staff has identified information technology risk factors previously unknown and in areas thought not to be exploitable. As a result, misplaced confidence in technological constraints of reading data on exportable devices gave way to the knowledge it could be accomplished using readily available tools.

Thus there is new realization within NARA that laissez faire controls over such devices represent an untenable risk to our agency and the mission we serve. Looking forward to a new Archivist it is my hope such positive change will result in the elevation of the security posture of this agency. Our responsibility and duty to the American people is far too important to allow their personal information to be subject to loss or compromise.

# *EXECUTIVE SUMMARY*

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## **Management Assistance**

- Presented twice at NARA's new Supervisory Fundamentals Seminar. Taught new supervisors about the role of the OIG and the supervisor's responsibilities.
- Referred two cases from the Archival Recovery Team to the Office of General Counsel pursuant to NARA Directive 1462.
- Attends NARA's formal Breach Team Meetings to provide insight to privacy information breaches from an Inspector General's perspective.
- Provided comments on NARA Directive 803 to ensure proper notification to users of public computers at NARA they have no expectation of privacy.
- Provided substantial comment and input into NARA 1608, NARA's new directive concerning personally identifiable information.
- Reviewed NARA Directive 404, resulting in changing a phrase which mistakenly allowed for acceptance of partisan and religious gifts to NARA.
- Prepared a Freedom of Information Act appeal for the Archivist's decision on files relating to an inappropriate conduct investigation.
- Helped create a reward flyer for a missing hard drive containing Clinton White House information.
- Provided comment and inputs into several NARA directives, including those concerning the new Anti-Harassment Policy, pre-accessioning permanent electronic records, NARA's security, IT privacy impact assessments/initial privacy reviews, and others.

## **OIG Awards**

Christine Dzara (left) was recognized for outstanding performance in auditing NARA's IT program and identifying critical weaknesses in NARA's IT processes, infrastructure, and systems.

Carol Johnson (right) was recognized for outstanding audit efforts in identifying millions of dollars in lost property and items not properly documented and accounted for due to weak internal management controls.



# ***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 31 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 6.7 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 2009, NARA had 37.5 million online visits in addition to hosting 3.7 million traditional museum visitors, all while responding to 1.4 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 fiscal year (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 belonging in our holdings, while safely providing the American people with the opportunity to discover, use and learn from this documentary heritage. 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 was approximately \$2,932,000 for operations and authorizes 20 full-time employees (FTEs). Two more criminal investigator positions are anticipated in FY 2010. At the beginning of the current period the OIG had 18 FTEs in the office. During the period the OIG advertised and hired one senior auditor and one special agent position. At current full staffing, the OIG has: one Inspector General, one support staff, nine FTEs devoted to audits, eight 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 meetings multiple topics were raised, discussed, and addressed, including the operation and staffing of the new Counsel of Inspectors General on Integrity and Efficiency, launching a new interactive CCIG website, changes to the various Federal laws and policies, the training of IG criminal investigators, and various high-profile investigations in the IG community.

### **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.

# **ACTIVITIES**

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## **Response to Congressional Items**

### **Testimony on Missing Hard Drive Containing Information from the Clinton White House**

On July 30, 2009, the Inspector General testified before the Information Policy, Census, and National Archives Subcommittee of the House Oversight and Government Reform Committee. He testified on the circumstances surrounding an external computer hard drive missing from a NARA facility which contained approximately two terabytes of material from the Clinton White House. While this is an ongoing investigation, the IG was able to testify about several of his concerns, including potential subjects' access to other national security and Presidential data, and the generally non-secure treatment of a broad amount of data from the Clinton White House both at NARA facilities and at a contractor facility where the data was being copied. Further, the IG was asked about the security controls specific to the NARA facility which lost this drive. He testified they "were inadequate, and what controls were there were readily bypassed and obviously compromised on an ongoing and dynamic basis."

### **Open Audit Recommendations**

The Ranking Member of the Committee on Oversight and Government Reform asked for an update on statistical information on open audit recommendations with potential monetary benefits issued from 2001 through March 31, 2009. 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 related to potential monetary benefits.

### **Briefings to Congressional Committee Staffs**

During the reporting period we briefed several House and Senate Committee staffs on topics including the Electronic Records Archives, NARA's loss of a two-terabyte hard drive containing information from the Clinton White House, and several issues pertaining to veterans' data.

### **Inventory of Commercial Activities**

We submitted to OMB our FY 2009 inventory of commercial activities performed by OIG employees. The Federal Activities Inventory Reform Act of 1998, Pub.L. 105-270 (the FAIR Act), requires Federal agencies to annually prepare and submit to OMB inventories of commercial activities performed by Federal employees. OMB reviews each agency's inventory and consults with the agency regarding its content. OMB is then required to list the available inventories in the Federal Register, and the agency head must transmit a copy of the inventory to the Congress and make it available to the public. NARA forwarded its FY 2009 inventory to OMB and published it to the NARA website during this reporting period.

# AUDITS

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## Overview

This period, we issued:

- five final audit reports, and
- two management letters.<sup>1</sup>

We continued work on the following assignments:

- an audit of NARA's Oversight of Electronic Recordkeeping/Electronic Records Management to evaluate the effectiveness of NARA's management controls over the management of electronic records in the Federal Government
- 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 Network Infrastructure to determine if NARA has effectively implemented appropriate physical security and access controls to protect network resources
- an audit of NARA's Oversight of Selected Grantees' Use of Grant Funds to determine whether management controls are adequate to ensure (1) grants are properly administered, (2) grant goals and objectives are adequately met, and (3) grant funds are adequately accounted for and expended
- an audit of NARA's Movement of Freight Shipments to assess whether controls are effective and efficient to ensure that NARA obtains the best value and most economical prices for the movement of freight
- an audit of the Process for Providing and Accounting for Information Provided to Researchers to determine whether controls are in place for ensuring requested records are safeguarded and properly accounted for when requested, used by researchers, and returned
- an audit of the Accuracy of Performance Measurement and Reporting Data to verify the validity of data entered into NARA's Performance Measurement and Reporting System.

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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

### **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 on 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. This is the second report resulting from our continuing effort to evaluate and report on government and contractor efforts associated with developing the ERA.

In our first status report, we concluded that, because of funding and other issues, it was likely the ERA System would not achieve Full Operating Capability as originally envisioned, that is, the ERA will not have all the desired functionality when the development contract with the Lockheed Martin Corporation ends in March 2012. We continue to be concerned additional funding will be needed to complete the program, and that no one knows when, or if, the ERA may be fully operational.

As of February 18, 2009, internal ERA program documentation reflected favorable contract cost and schedule performance, even though critical ERA requirements had been shifted to later increments. Specifically, on December 15, 2008, the ERA Contracting Officer issued a letter to the contractor informing them not all required system capabilities were available at the time the ERA was publicized as having achieved an Initial Operating Capability (IOC). According to the letter, NARA officials had performed a “gap analysis” called the “Option 1 Overrun Gap Analysis,” comparing the system as defined in the contractor’s Critical Design Review documents with the system actually provided to the Government by the contractor at IOC. The gap analysis contained a list of 19 items significant to the successful functioning of the ERA System. The contractor was requested to provide a response, with appropriate cost breakdown and performance/delivery dates, on or before February 13, 2009. However, according to a senior ERA Program official, the contractor failed to comply with this request. Instead, NARA and contractor program officials verbally agreed to address these requirements during negotiations for the next phase of the contract, Increment 3. In our opinion, the shifting of requirements to future increments makes it increasingly apparent the current contract will have to be extended, or a new follow-on contract awarded, to complete the program. (Advisory Report # 09-11, dated April 16, 2009.)

### **NARA’s Processing of Military Personnel Records Requests**

The National Personnel Records Center (NPRC) maintains the personnel and medical records of nearly all former members of the U.S. military service departments who served during the 20th century. The purpose of this audit was to assess the management controls over the processing and distribution of veterans’ record requests. Specifically, our review focused on whether the process was sufficient to properly safeguard veterans’ information.

# AUDITS

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Safeguarding personally identifiable information (PII) and privacy information in the possession of the Government and preventing its breach are essential to ensure the Government retains the trust of the American public. The Privacy Act of 1974 required agencies to establish appropriate administrative, technical and physical safeguards to ensure the security and confidentiality of records and to protect against any anticipated threats or hazards to their security or integrity which could result in substantial harm, embarrassment, inconvenience, or unfairness to any individual on whom information is maintained.

In support of the audit objective, we reviewed the Privacy Act of 1974 and OMB policy memorandums on safeguarding PII. We also reviewed NARA policy and procedures for releasing veterans' records. We evaluated controls over the receipt of military personnel record requests, the processing of those requests, and the distribution of the requested information to ensure privacy information was not released to unauthorized individuals. We evaluated controls in NARA's automated processing system, the Case Management and Reporting System (CMRS), to determine whether the controls were reasonable to protect the confidentiality of data against such risks as unauthorized access, modification, or disclosure of data. We also reviewed additional physical security controls in place to protect veterans' privacy information.

We found controls over the processing of veterans' record requests need to be strengthened to properly safeguard PII. NPRC relies on CMRS to track and process both electronic and mail-based requests from receipt through fulfillment and closure. The system has greatly reduced the amount of time it takes NPRC to respond to a veteran's record request, however, vulnerabilities in the system leaves veterans' personal information susceptible to unauthorized disclosure and jeopardizes the integrity of the information stored in the system. We also found additional safeguards are needed in order to protect veterans' PII in paper form and to ensure persons requesting access to records have the proper authorization to obtain those records.

We made 14 recommendations which upon implementation will assist NARA in providing appropriate administrative, technical, and physical safeguards over PII as required by the Privacy Act. Management concurred with 10 recommendations and initiated management action. Management concurred with the intent of the four remaining recommendations and plans to review possible solutions to address three of them, but did not plan to take corrective action to address one recommendation. (Audit Report# 09-16, dated September 30, 2009.)

## **NARA's Work at Home System**

The Work at Home System (WAHS) was initiated to enhance NARA's remote information technology (IT) access capabilities while satisfying the Office of Management and Budget (OMB) mandate for two-factor authentication. During this audit, we assessed NARA's efforts in developing this system to determine whether the WAHS was developed in accordance with NARA requirements and would meet OMB technical requirements.

In June 2006, OMB issued memorandum M-06-16, *Protection of Sensitive Agency Information*, requiring all departments and agencies to only allow remote IT access to their systems with two-factor authentication where one of the factors was proved by a device separate from the computer gaining access. The intention of this mandate was to ensure additional controls were in

# AUDITS

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place when information, particularly Personally Identifiable Information (PII), is accessed from outside of an agency's physical location. This safeguard, along with others, was to be reviewed and in place within 45 days of the memorandum. NARA did not even begin working on this mandate until 2007, well after it was to already be in place.

Because of the significant delay in the implementation of the WAHS, NARA was not in compliance with the two-factor authentication requirements mandated by OMB. The WAHS was a high-priority project to be completed within a very short timeframe. However, the requirements of NARA's Information Technology (IT) Investment Management Process were not followed resulting in significant program delays, cost overruns, and failure to meet OMB defined requirements. This overarching condition has left NARA information vulnerable, restricted telecommuting, and impacted NARA's budget through cost overruns and lease of equipment (to include computer "tokens" at a cost of over \$200,000), which could not be deployed. Further, by not fully defining system requirements, critical technical challenges still needed to be addressed before the system could be fully operational and meet the intent of OMB requirements. Consequently, a system originally estimated to cost \$500,000 has now escalated to over \$1.23 million and is still far from full implementation.

Our audit identified several improvements to be made in the IT Investment Management Process and the development and deployment of the WAHS. Specifically, we made seven recommendations to ensure the system meets OMB requirements and improves the security of remote access to PII and NARA proprietary information. Management agreed with each of the recommendations. (Audit Report #09-15, dated September 29, 2009)

## **NARA's Vehicle Fleet Management**

The objective of this audit was to determine if fleet vehicles are adequately utilized and fleet resources are properly controlled. The purpose of NARA's fleet includes transporting NARA employees conducting official business, transporting official visitors (either government or non-government) from public transportation areas (such as airports, train stations, etc.) to NARA facilities or between NARA facilities, and transporting records.

Our audit revealed opportunities to strengthen the effectiveness and control over management of NARA vehicles and put approximately \$40,000 of funds to better use. We found that (a) NARA vehicles are, in general, underutilized; (b) NARA has not established policies with clearly defined use criteria related to the mission of a vehicle to ensure decisions to retain vehicles are based on a validated need; (c) NARA has not completed an assessment of its fleet to determine whether they have the right number and type of vehicles; (d) NARA does not have a central agency fleet manager with decision making authority over the agency's fleet management program at all levels; (e) Controls to request a vehicle and track vehicle usage were not designed to detect or prevent misuse or abuse; (f) Controls to ensure employees possess the appropriate license are not designed to detect or prevent someone with a poor driving record or suspended license from using a government vehicle; and (g) NARA's policies and procedures do not cover key components of an effective fleet management program.

# AUDITS

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Fleet management attention is needed to ensure NARA's fleet has the right size and composition. As NARA did not have reasonably complete and accurate information on the total miles driven and the frequency of vehicle use, fleet managers could not accurately assess vehicle utilization. While NARA had already made some strides in gathering this information, more is needed. Additionally, tracking and monitoring utilization helps identify possible misuse or abuse.

During the conduct of the audit additional internal controls were implemented by NARA. These included reviewing General Services Administration (GSA) invoices (which has resulted in cost savings); expanding global positioning system (GPS) usage and monitoring; and tracking mileage, fuel, and accident data. At NARA's main facility in College Park, MD, the fleet manager is now using a vehicle management daily checklist and sign out logs for all vehicles. However, this approach has not been adopted agency-wide. We made 12 recommendations, with which management concurred, to enhance controls over vehicle fleet management. (Audit Report #09-13, dated August 26, 2009.)

## **NARA's FY 2008 Management Control Program**

The Federal Managers' Financial Integrity Act (FMFIA) of 1982 (Public Law 97-255) requires ongoing evaluations of the adequacy of internal accounting and administrative control of each executive agency. The Act requires the head of each agency to annually prepare a statement on the adequacy of the agency's systems of internal accounting and administrative control. Annually, the OIG performs a review to ensure agency managers continuously monitor and improve the effectiveness of internal controls associated with their programs. This continuous monitoring, in conjunction with other periodic evaluations, provides the basis for the agency head's annual assessment of, and report on, internal controls as required by FMFIA.

Our initial assessment of the agency's FY 2008 assurance statement, as conveyed in our October 31, 2008, memorandum to the Acting Archivist, was that the statement was inaccurate and underreported material risk associated with NARA's Preservation and Processing programs. Further audit work confirmed our initial assessment. This is also the same conclusion we reached and conveyed to the agency head in our previous assessment of NARA's FY 2007 assurance statement. Our full review revealed management had not yet completed action to close recommendations contained in our FY 2007 audit report. The three recommendations contained in that report were directed toward the Policy and Planning Staff (NPOL) and aimed at strengthening the process for identifying, testing, and reporting on internal controls associated with critical functions. Our audit also found two program offices did not adequately monitor internal controls. Specifically, one program office did not review the results of classified security self-assessments, while another program office excluded relevant program review findings from their assurance statement.

As a result of these conditions, NARA continues to exhibit weaknesses in its internal controls degrading the effectiveness of the internal control program and the accuracy of office assurance statements. We made three recommendations that, upon adoption, will help NARA strengthen its program of internal controls and result in more complete and accurate annual reporting in accordance with FMFIA. Management concurred with our recommendations. (Audit Report #09-14, dated August 28, 2009.)

# ***INVESTIGATIONS***

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## **Investigations Overview**

During this reporting period, the Office of Investigations (OI) opened nine investigations, closed eight investigations, and recovered three historical records. The OI also received 46 complaints and closed 25 complaints. Additionally, the OI worked with the U.S. Secret Service, the FBI, the Department of State Bureau of Diplomatic Security Service, the Naval Criminal Investigative Service, the U.S. Postal Inspection Service, the CIA, the Atlanta Police Department, the Montgomery County (Maryland) Police Department, and the IRS, as well as the Offices of Inspectors General at the General Services Administration, the Department of State, and the Veterans Administration. At the close of the period, there remained 46 open complaints and 39 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 have made their first appearances in court, and NARA OIG seized two vehicles belonging to the former contractor.

### **False Claims**

A subject contractor submitted claims for hours worked by unqualified personnel. This violated the terms of the contract with NARA. 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). NARA employed inadequate measures to ensure PII and other sensitive information was removed from laptop computers prior to being exsessed. NARA has since instituted certification requirements mandating removal of all data from laptops prior to disposal.

### **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. The employee pled guilty to a Conflict of Interest and was sentenced to three years probation, fined \$1,500, and made to pay restitution of \$3,988.

# ***INVESTIGATIONS***

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## **Mishandling of Classified Documents**

In 2007, more than 6,000 boxes of classified material stored by NARA were reported to the OI as missing. After a lengthy internal inventory, many of these materials have been accounted for, but 84 boxes of Top Secret and/or Restricted Data materials have not been found. A separate inventory of commingled confidential, secret, and non-classified material has failed to account for an additional 5,000 boxes of missing material. An investigation to determine the status of the missing records remains ongoing.

## **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, who had by then left NARA, 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 subsequently declined as a civil action by an Assistant U.S. Attorney.

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

The subject pled guilty to making and using a false writing for knowingly and willfully forging 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. The subject was sentenced to three years probation, 90 days house arrest, and a \$3,000 fine.

## **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**

Four folders containing negatives of Clinton Presidential photographs were lost after a request for the photographs 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 sent the record through the United States Postal Service under cover of a forged letter and envelope bearing the seal and markings of NARA. 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 accepted the case for prosecution.

# ***INVESTIGATIONS***

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## **Intrusion at Presidential Library**

An unidentified intruder gained unlawful entry to the Jimmy Carter Library and Museum in Atlanta, Georgia. Three bicycles were later found to be missing – including one donated to Former President Carter and a second donated to Former First Lady Rosalynn Carter. Security guards were unaware of the intrusion. The OIG joined with the U.S. Secret Service and the Atlanta Police Department in this investigation. A variety of security and oversight deficiencies were identified, and the case was referred to NARA for appropriate administrative action.

## **Inappropriate Controls Over Computer Hard Drive**

NARA returned a defective computer drive from a system that held veterans' records to the manufacturer for maintenance and/or replacement without effectively wiping the drive of any sensitive or privacy information that may have been stored on it. The drive was determined to have inappropriately left the control of NARA contrary to existing policy. This investigation remains ongoing.

## **New Investigation Highlights**

### **Vandalism at Mid-Atlantic Records Center**

During the reporting period, several bullet holes were discovered on the exterior of the Mid Atlantic Region's Federal Records Center. One bullet struck and ruptured an exterior gas line causing a gas leak. The OIG worked with the Federal Protective Service and the Philadelphia Police Department. The case remains unresolved.

### **Security Clearance Suitability**

During the reporting period, the OIG learned of multiple NARA employees who had previously traveled to a country with which the United States does not have full diplomatic relations. The case was referred to OIG to ensure the travel was authorized and did not constitute a violation of U.S. law or raise suitability issues regarding any employees' security clearance. The investigation remains open and ongoing.

### **Mismanagement at a Presidential Library**

The OIG received allegations of financial mismanagement at a Presidential library. The OIG is working with NARA's Office of Presidential Libraries, which had conducted its own internal financial review. The investigation remains open and ongoing.

### **Credit Card Theft**

A NARA employee reported his personal credit card had been stolen from within a NARA facility. Multiple illicit purchases were subsequently made. The OIG is working with local law enforcement, and this investigation remains open and ongoing.

### **Stolen/Missing Clinton hard drive**

During the reporting period, it was reported to the OIG that a two-terabyte hard drive used to back up records from the Clinton Administration was missing. Working with NARA, the OIG

# ***INVESTIGATIONS***

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began analyzing another copy of the hard drive, which was determined to contain a voluminous amount of sensitive and privacy related information. NARA began a breach notification to the parties affected and OIG continued its forensic analysis of the drive for other types of sensitive information. The OIG, working with the U.S. Secret Service and the FBI, simultaneously began an investigation to recover the missing drive. The forensic analysis, the search for the missing drive, and the breach notification remain ongoing.

## **Missing Backup Tapes from FDR Library**

NARA informed the OIG two computer back-up tapes shipped to NARA's College Park facility were missing. These tapes contained information from the FDR administration. When the package arrived at NARA, it was empty. Working with security personnel at Federal Express, one tape was recovered. This case remains open and ongoing.

## **Indecent Exposure**

During the period, OIG received a report of a naked male seen at the National Archives Building in Washington, DC. OIG's investigation determined the identity of the subject. The case was referred to the Washington, DC. Attorney General and is pending prosecution.

## **Clipped Signatures**

A long time NARA researcher alerted NARA that signatures of famous World War II flying aces have been cut from Air Corps operations reports held at the Archives. The Archival Recovery Team's investigation remains open and ongoing.

## **Other Office of Investigation Activity**

### **Archival Recovery Team**

During this period, the Archival Recovery Team (ART) fielded 11 complaints and opened one investigation. Eight complaints and two investigations were closed. In addition, two non-criminal ART cases were referred to NARA for a recovery determination. At the close of the period, 17 ART complaints and five ART investigations remained open. The ART successfully recovered three records during the period.

As part of the ART's outreach program targeting individuals and groups who may have interactions with historic records, Office of Investigations staff manned displays at the following shows to educate the public about the NARA OIG and ART:

- April 2009: ART manned a display at the New York Autograph Show sponsored by the Professional Autograph Dealers Association. ART conversed with dealers and collectors about the recovery of stolen and alienated documents and items of interest. ART also attended the New York Antiquarian Book Fair sponsored by The Antiquarian Booksellers' Association of America.
- April 2009: ART manned a display at the Northern Virginia Relic Hunters Civil War show in Fredericksburg, VA.

# ***INVESTIGATIONS***

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- May 2009: ART manned a display at the Ohio Civil War Collectors Show in Mansfield, OH. ART also worked with a staff member from NARA's Great Lakes Regional Archives-Chicago who was distributing educational materials.
- June 2009: ART manned a display at the 35th Annual Gettysburg Civil War Collectors Show.
- July 2009: ART was joined by the Inspector General to speak at the 2009 National Association of Government Archives and Records Administration's (NAGARA) annual meeting in Seattle. The Inspector General spoke about confronting the issue of holdings theft and a member of ART discussed how and why ART was created and its function in the archival community.
- August 2009: ART was joined by the Inspector General to speak at the Society of American Archivist Security Roundtable during their annual conference in Austin, TX. The ART and the IG discussed how the OIG recovers Federal records, identifies materials that have been stolen, and educates dealers, collectors, and the public. Also addressed was the new security challenge of protecting personal information sought by identity thieves.
- August 2009: ART and other OIG staff manned a display at the Richmond Civil War Show.
- September 2009: ART manned a display at Zurko's Midwest Promotions Civil War Show in Wheaton, IL. Sharing our table was an employee of NARA's Great Lakes Regional Archives-Chicago who was distributing educational materials.

## **Computer Crimes Unit**

During the reporting period, the Computer Crimes Unit (CCU) provided digital forensic support to numerous criminal investigations. The CCU participated in the execution of a consent search during which forensic images were obtained from four computers and performed the forensic examination of another computer hard drive provided by consent from the subject. The CCU also examined numerous files performing the forensic examination of digital evidence including internal hard drives, external hard drives, USB flash drives, and optical disks. In addition to supporting criminal investigations, the CCU also devoted a significant amount of time during this reporting period examining digital media to assess the exposure to NARA resulting from the loss of digital media containing Personally Identifiable Information (PII).

# 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	46
Complaints closed pending response from NARA	2
Complaints closed final	23
Complaints open to Investigations	7

## Contractor Self Reporting Hotline

To comply with the self-reporting requirements in the Federal Acquisition Regulation, a web-based form has been created to allow NARA contractors to satisfy the requirement they notify the OIG, in writing, whenever the contractor has credible evidence that a principal, employee, agent, or subcontractor of the contractor has committed a violation of the civil False Claims Act or a violation of Federal criminal law involving fraud, conflict of interest, bribery, or gratuity violations in connection with the award, performance, or closeout of a contract or any related subcontract. The form can be found off of the OIG's home page at:

<http://www.archives.gov/oig/contractor-form/index.html>

# ***AGENCY SIGNIFICANT DEFICIENCIES***

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## **OIG-Identified Program and Operational Significant Deficiencies**

The OIG, through audit and investigative work, identified the following program and operational significant deficiencies. These deficiencies result in Material Weaknesses<sup>2</sup> because they severely hamper the agency's ability to carry out its mission and achieve strategic goals. As such, it is important for OMB and the Congress to be apprised of these deficiencies and agency actions to address them in order to ensure they receive proper attention. Without appropriate risk management and risk mitigation strategies, including adequate resources, NARA cannot ensure it effectively accomplishes its mission.

### **Holdings Processing**

In February 2007, the OIG issued an audit report<sup>3</sup> that found NARA was constrained in its ability to provide efficient and effective access to, and information about, textual records in NARA's custody as the result of large backlogs of inadequately processed records. At the time of our audit nearly 65 percent of NARA's textual records were not adequately processed, and the cost associated with fully processing these records was estimated to be \$1.5 billion, approximately three times NARA's annual budget. Because these backlogs impeded NARA's ability to perform its mission of providing access to records as soon as legally possible, and our audit revealed the need for additional controls, our report identified processing as a Material Weakness. An agency-initiated study agreed with our assessment of the impact of backlogs on NARA's ability to perform its mission. This study stated less than half of the holdings at Archives I and II (where the majority of NARA records reside and which draw the heaviest researcher use) were controlled at a level of detail enabling researchers to quickly identify records relevant to their interests. Further, more than one third were controlled at such a basic level that even experienced NARA staff had difficulty determining whether they contained information which may be responsive to a researcher's request. Despite this, the agency never reported Processing as a Material Weakness via the Federal Managers Financial Integrity Act (FMFIA) reporting process.

*Current Status:* The OIG still believes this to be a Material Weakness and has informed management via the annual FMFIA process the prior two years. While the processing backlog has been reduced from 65 percent to 60 percent of NARA's textual holdings, it still represents a significant obstacle to NARA's mission. Additionally, recommendations made in our original audit report, aimed at remedying identified weaknesses and strengthening internal controls, have yet to be fully implemented. Finally, unless NARA is successful in obtaining additional resources or improving productivity, significant backlogs will remain into the foreseeable future as textual records continue to be accessioned into NARA. According to the most recent management report, NARA has already processed and described the records which can easily be done, but NARA will have difficulty meeting future processing goals unless additional resources are obtained.

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<sup>2</sup> Material Weakness as defined in OMB A-123, Management's Responsibility for Internal Control

<sup>3</sup> OIG Report No. 07-06, Audit of the Processing of Records Accessioned into NARA (Feb. 28, 2007)

# ***AGENCY SIGNIFICANT DEFICIENCIES***

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## **Holdings Preservation**

In June 2005, the OIG issued an audit report that identified resource and reporting deficiencies associated with NARA's Preservation program<sup>4</sup> and declared them to constitute a Material Weakness. Specifically, the audit identified: (a) items needing preservation had not been identified; (b) staffing was inadequate for addressing preservation needs in a timely manner; (c) there was no criteria for assessing preservation needs/item condition; (d) some NARA facilities did not meet minimum environmental standards for the preservation of records, and; (e) preservation performance data was inaccurate. NARA declared Preservation a Material Weakness in their FY 2005 FMFIA statement. However, in FY 2006 NARA removed this designation despite our objections that the agency had not yet implemented recommendations contained in the 2005 audit report. Specifically, the agency had not initiated sufficient controls to reasonably ensure items needing preservation were identified and preserved in a timely manner, and preservation backlogs were still substantial at 65 percent of holdings.

*Current Status:* NARA has taken action to address recommendations contained in the FY 2005 audit report. NARA has quantified and requested the funding necessary to bring its current facilities up to the environmental standards for the storage of permanent textual records. Information on the condition of our holding is being collected, and additional resources to preserve these holdings are being requested. However, work remains to be done. Preservation information is stove-piped within each office and therefore is not used to guide agency-wide strategic decision making; criteria is not uniformly applied, and information is not uniformly collected. Further there remains a need for additional resources. Management has recently reported additional resources will be necessary in order to successfully meet future preservation goals. At the beginning of FY 2010, almost 65 percent of NARA's holdings were identified as "at risk." This represents a significant volume of records and materially constrains NARA's ability to accomplish its mission of safeguarding and preserving the records of our Government.

## **Information Technology Security Program**

In FY 2005 we supported the removal of a Material Weakness in Information Technology (IT) Security first identified in FY 2000. At the same time we expressed concerns about the state of NARA's IT Security environment and indicated additional audit work focused on this area would be performed in FY 2006. In FY 2006 we performed several IT Security related audits, including an audit of NARA's Information Security Program and its adherence to standards established under the Federal Information Security Management Act (FISMA),<sup>5</sup> which cited a number of concerns and made recommendations for strengthening NARA's IT Security Program. Based on the body of IT Security audit work performed in FY 2006 the OIG informed the Archivist a new IT Security Material Weakness should be declared. NARA declined reporting this as a Material Weakness in their FY 2006 assurance statement. In FY 2007 NARA reported IT Security as a Material Weakness based on the results of a Program Review for Information Security Management Assistance (PRISMA) review performed by an NH contractor. The OIG responded we agreed with the declaration of IT Security as a Material

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<sup>4</sup> OIG Report No. 05-13, Evaluation of NARA's Preservation Program (June 22, 2005).

<sup>5</sup> OIG Report No. 06-09, Review of NARA's Information Security Program (August 8, 2006).

# ***AGENCY SIGNIFICANT DEFICIENCIES***

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Weakness, however we believed the Material Weakness was too narrowly focused and failed to include weaknesses identified in several OIG work products. We conveyed to the Archivist IT security concerns in nine additional IT areas which we believed needed to be addressed before the IT Security Material Weakness could be downgraded.

*Current Status:* In FY 2009 the agency reported it was downgrading the IT Security Material Weakness declared in FY 2007 based on significant accomplishments in addressing concerns identified in the PRISMA review. The OIG evaluated material submitted by the agency in support of this claim and found sufficient action had been taken on only two of the thirty-four recommendations contained in the review. Additionally, audit work performed during the course of the year confirmed continued IT Security weaknesses in the nine areas first identified by the OIG in FY 2007. These IT Security deficiencies weaken and compromise NARA's IT operating environment and leave NARA vulnerable to attack. For these reasons we informed the Archivist IT Security should remain a Material Weakness.

## **Artifact Inventory Controls at Presidential Libraries**

In October 2007, NARA's OIG issued a report identifying internal control weaknesses associated with NARA's stewardship and management of Presidential artifacts at its network of Presidential libraries.<sup>6</sup> Specifically, we identified weaknesses adversely impacting NARA's ability to account for, control, safeguard, and preserve Presidential artifacts. We believed the deficiencies were significant enough to warrant a Material Weakness. NARA declared a Material Weakness in inventory controls over artifacts at Presidential libraries in FY 2007 and continued to treat it as such in FY 2009.

*Current Status:* In FY 2009 NARA continued reporting this as a Material Weakness. The OIG was informally provided with information supporting management action taken to address findings contained in the report. The OIG is currently evaluating information provided by management to determine if they support closing recommendations contained in the report.

## **Holdings Security**

Based on the results of investigations into the theft of NARA holdings conducted by the OIG, NARA declared a Material Weakness in Holdings Security in FY 2001. While NARA continues to address this area through a number of initiatives, the OIG continues to investigate thefts of NARA holdings, and recent audits have identified weaknesses in controls associated with holdings security, highlighting the need for additional management action in this area.

*Current Status:* In FY 2009 NARA continued reporting holdings security as a Material Weakness. NARA has indicated it will staff the recently created holdings protection program and conduct a risk assessment of its controls in FY 2010.

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<sup>6</sup> OIG Report No. 08-01, Audit of the Process of Safeguarding and Accounting for Presidential Library Artifacts (October 26,2007).

# ***AGENCY SIGNIFICANT DEFICIENCIES***

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## **IT Implementation of PII Protections**

In FY 2009 NARA declared a Material Weakness related to the security of NARA-owned IT storage devices. Ongoing OIG investigations of data breaches involving NARA equipment support this conclusion. However, the nature of some of these breaches point to a problem with not only IT controls, but also with physical controls over IT equipment and policies governing how NARA handles and prepares paper documents released to the public.

# ***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**

NARA's mission with the Electronic Records Archives (ERA) is to build a system accommodating the government's vast amounts of electronic records stored in past, present, and future formats. Electronic records are vital to the how our government works, and their preservation through the ERA will define what information future generations will be able to access and use. 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 even then the program functions at IOC were reduced from initial requirements. Also, the component to handle all White House records, the Executive Office of the President (EOP) System, was segregated out due to delays and pursued down a separate line of programming. The EOP System achieved IOC in December 2008, and all "priority" data was planned to be loaded into the system by March 2009. However, the EOP System is not able to handle or ingest any classified records. Moreover, due to issues with the data received from the White House, the "priority" data was not loaded into the EOP System until September 2009, and a small number of these files are still not loaded. The base ERA program is also experiencing delays with the next phase of work (i.e., Increment 3) due to extensive contract negotiations. Increment 3 is scheduled to include online public access, a congressional system, and system access to additional agencies or offices. 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 scheduled for 2012 at an estimated cost of \$453 million. The success of this mission-critical program is uncertain. The challenge will be to deliver and maintain a functional ERA system to preserve and provide access to our nation's electronic records for as long as needed.

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

Part of NARA's mission is safeguarding and preserving the records of our government, thereby ensuring people can discover, use, and learn from this documentary heritage. NARA provides continuing access to the essential documentation of the rights of American citizens and the actions of their government. The effective management of these records is key to accomplishing this mission. NARA must work with Federal agencies to ensure the effective and efficient appraisal, scheduling, and transfer of permanent records, in both traditional and electronic formats. The major challenge is how best to accomplish this component of our overall mission while reacting and adapting to a rapidly changing technological environment in which electronic records, particularly e-mail, proliferate. In short, while the ERA system is intended to work with electronic records received by NARA, we need to ensure the proper electronic and traditional records are in fact preserved and sent to NARA in the first place.

# ***TOP TEN MANAGEMENT CHALLENGES***

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NARA also directs the Electronic Records Management (ERM) initiative, one of 24 Government-wide initiatives under the E-Government Act of 2002. The ERM initiative will provide guidance to agencies in managing and transferring their permanent electronic records to NARA, in an increasing variety of data types and formats. In June 2008, GAO recommended NARA develop and implement an approach to provide oversight of agency electronic records management programs to provide adequate assurance that NARA guidance is effective and the agencies are following electronic records guidance. NARA, its Government partners, and Federal agencies are challenged with determining how best 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 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.

IT security continues to present major challenges for NARA, including physical security of IT hardware and technical vulnerabilities within our electronic systems themselves and how NARA operates them. The confidentiality, integrity, and availability of our electronic records and information technology systems are only as good as our IT security infrastructure. Each year, risks and challenges to IT security continue to be identified. 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**

The records of a democracy's 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. Unfortunately, over of half of NARA's textual holdings have not been processed to allow efficient and effective access to these records. To meet its mission NARA must work to ensure it has the processes and resources necessary to establish intellectual control over this backlog of unprocessed records.

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. NARA's role in ensuring the timeliness and integrity of the declassification process of classified material held at NARA is also vital to public access.

### **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

# ***TOP TEN MANAGEMENT CHALLENGES***

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own facilities, as well as those used by other Federal agencies, are in compliance with these regulations; and effectively mitigate risks to records which are stored in facilities not meeting these new standards.

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

As in the case of our national infrastructure (bridges, sewer systems, etc.), NARA holdings grow older daily and face degradation associated with time. This affects both traditional paper records, and the physical media that electronic records are stored on. 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, and NARA cannot provide access to records unless it can preserve them for as long as needed. The backlog of records needing preservation treatment continues to grow. NARA is challenged to address this backlog and future preservation needs, including the data integrity of electronic records. 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.

## **7. Improving Project Management**

Effective project management, particularly for IT projects, 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 providing oversight to ensure effective or efficient results within costs. Currently IT systems are not always developed in accordance with established NARA guidelines. These projects must be better 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. Document and artifact theft is not a theoretical threat, it is a reality NARA has been subjected to time and time again. 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 risk 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

# ***TOP TEN MANAGEMENT CHALLENGES***

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oversight of Federal contractors. NARA is also challenged with reviewing contract methods to ensure a variety of procurement techniques are properly used in accordance with Federal laws and regulations.

## **10. Strengthening Human Capital**

The GAO has identified human capital as a Government-wide high risk. In November 2007, OPM reported NARA had not established a formal human capital plan. Instead NARA has adopted a phased approach to human capital planning. However, earlier this year the Partnership for Public Service ranked NARA 29th out of 30 large Federal agencies in its "Best Places to Work in the Federal Government" rankings. The rankings are based on employee responses to the Federal Human Capital Survey (FHCS) administered bi-annually by the U.S. Office of Personnel Management (OPM). In response to the 2008 FHCS, NARA developed a FHCS Action Plan focusing on Communication, Leadership, Performance Culture, and Training. This plan incorporates the individual strategies developed by each NARA office and identifies objectives, actions to be taken, outcome measures, and improvement targets for each.

NARA's challenge is to adequately address its workforce's concerns and 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.

# ***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	9
Section 5(a)(1)	Significant problems, abuses, and deficiencies	4, 13-17, 23-26
Section 5(a)(2)	Significant recommendations for corrective action	13-17
Section 5(a)(3)	Prior significant recommendations unimplemented	35
Section 5(a)(4)	Summary of prosecutorial referrals	33
Section 5(a)(5)	Information or assistance refused	35
Section 5(a)(6)	List of reports issued	34
Section 5(a)(7)	Summaries of significant reports	13-17
Section 5(a)(8)	Audit Reports—Questioned costs	34
Section 5(a)(9)	Audits Reports—Funds put to better use	34-35
Section 5(a)(10)	Prior audit reports unresolved	35
Section 5(a)(11)	Significant revised management decisions	35
Section 5(a)(12)	Significant revised management decisions with which the OIG disagreed	35
P.L. 110-181	Annex of completed contract audit reports	34

# REPORTING REQUIREMENTS

## STATISTICAL SUMMARY OF INVESTIGATIONS

<i>Investigative Workload</i>	
Complaints received this reporting period	46
Investigations pending at beginning of reporting period	35
Investigations opened this reporting period	9
Investigations closed this reporting period	8
Investigations carried forward this reporting period	39
<i>Categories of Closed Investigations</i>	
Fraud	1
Conflict of Interest	0
Contracting Irregularities	0
Misconduct	1
Larceny (theft)	2
Other	4
<i>Investigative Results</i>	
Cases referred – accepted for prosecution	1
Cases referred – declined for prosecution	2
Cases referred – pending prosecutive decision	0
Arrest	0
Indictments and informations	2
Convictions	2
Fines, restitutions, judgments, and other civil and administrative recoveries	\$9,876
NARA holdings recovered	3
<i>Administrative Remedies</i>	
Employee(s) terminated	0
Employee(s) resigned in lieu of termination	1
Employee(s) suspended	0
Employee(s) given letter of reprimand or warnings/counseled	1
Employee(s) taking a reduction in grade in lieu of administrative action	0
Contractor (s) removed	0

# ***REPORTING REQUIREMENTS***

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

### **Accepted for Prosecution**

#### **Indecent Exposure**

The OIG received a report of a naked male seen at the National Archives Building in Washington, DC. The OIG's investigation determined the identity of the subject. The case was referred to the Washington, DC Attorney General who accepted the case for prosecution. This case is currently pending prosecution.

### **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. The case was ultimately declined for both criminal prosecution and civil action.

#### **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 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 declined.

### **Pending Prosecutorial Determination**

None.

# REPORTING REQUIREMENTS

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

Report No.	Title	Date	Questioned Costs	Unsupported Costs	Funds Put to Better Use
09-11	OIG Monitoring of the Electronic Records Archives Program	04/16/2009	0	0	0
09-13	Audit of NARA's Vehicle Fleet Management	08/26/2009	0	0	\$40,000
09-14	Audit of NARA's FY 2008 Management Control Program	08/28/2009	0	0	0
09-15	Audit of NARA's Work-at-Home System	09/29/2009	0	0	\$200,00
09-16	Audit of NARA's Processing of Military Personnel Record Requests	09/30/2009	0	0	0

## 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 an audit on the ERA contract was completed during this period (please see page 13), this was a program audit as opposed to a contract audit.

# 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	1	\$35,685
B. Which were issued during the reporting period	2	\$240,000
Subtotals (A + B)	3	\$275,685
C. For which a management decision has been made during the reporting period	3	\$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	2	\$240,000
E. For which no management decision was made within 6 months of issuance	1	\$35,685

## 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