



NATIONAL  
ARCHIVES

OFFICE *of* INSPECTOR GENERAL  
SEMIANNUAL REPORT  
*to* CONGRESS

APRIL 1, 2012 *to* SEPTEMBER 30, 2012



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# FOREWORD

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*The National Archives and Records Administration (NARA) has been accurately described as the common thread woven throughout the tapestry of the entire federal government. From the largest department to the smallest commission, records are omnipresent in our system. These records form our collective knowledge of what our government does, how our leaders' policies will be implemented, and how our citizens' rights are respected. In short, these records document who we are as a nation, where we have been, and where we plan to go. NARA is entrusted by the nation to collect, preserve, and protect these records; while also making them available for use. This is a Herculean task, and the women and men of NARA's staff should be commended for the service they provide to our stakeholders on a daily basis.*

*However, in order to make sure NARA fulfills its mission now and in the future, NARA must strengthen and improve the way they identify and control risk. Management is responsible for establishing and maintaining internal controls to achieve effective and efficient operations, reliable financial reporting, and compliance with laws and regulations. Additionally, the Government Accountability Office's "Standards for Internal Control in the Federal Government" state:*

*Federal policymakers and program managers are continually seeking ways to better achieve agencies' missions and program results, in other words, they are seeking ways to improve accountability. A key factor in helping achieve such outcomes and minimize operational problems is to implement appropriate internal control. Effective internal control also helps in managing change to cope with shifting environments and evolving demands and priorities.*

*During this reporting period our Office of Audits identified weak, poor, and nonexistent management controls in some NARA programs, specifically focusing on NARA's information technology operations. Likewise the Office of Investigations found internal control weaknesses. If these weaknesses had been properly addressed, they might have potentially minimized or prevented the opportunity for criminal conduct.*

*Unfortunately some program offices have yet to realize the value of internal controls in accomplishing NARA's mission. Improvement only happens when parties are willing to put away their preconceived notions, and take a fresh fact-based and data-driven look at challenges. The agency and the OIG share the same goal, improvement. We strive to provide independent, high-quality products which move NARA in a positive direction, and look forward to cooperation from all parties to effectively generate positive change.*

  
James Springs  
Acting 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 48th Semiannual Report to the Congress summarizing the activities and accomplishments of the National Archives and Records Administration (NARA) Office of Inspector General (OIG). A summary of NARA's top ten management challenges is included as well. The highlights of our major functions are summarized below.

## **Audits and Reports**

The Audit Division continued to examine the functioning of NARA's Information Technology (IT) systems, the development of NARA's Electronic Records Archives (ERA) system, and assess the economy and efficiency of NARA's programs and operations. During the reporting period, we issued the following audit reports and management letters.

### **Information Technology (IT)**

- **Network Discovery and Assessment Report.** NARA's network is running on borrowed time and without modular design and more forward thinking strategic planning, the future of NARA's network services is bleak. The current network architecture jeopardizes the NARA mission due to fundamental design flaws which impact the performance, security, and efficiency of the network. (OIG Audit Report #12-11, dated August 27, 2012. See Page 11.)
- **NARA's Classified Systems.** The confidentiality and security of classified information at NARA is at risk. NARA has developed classified information system policies in accordance with Federal guidelines, but has not consistently implemented these requirements. For example, of the seven classified systems reviewed, only one has a current authorization to operate. NARA officials have not taken the appropriate and sufficient steps to adequately manage their classified systems. (OIG Audit Report #12-15, dated July 23, 2012. See Page 11.)
- **NARA's Data Center Consolidation Initiative (DCCI).** OMB directed agencies to inventory their data center assets, develop consolidation plans throughout FY 2010, and integrate those plans into agency FY 2012 budget submissions. NARA's plan failed to include all agency data centers, a complete list of hardware and software assets, or an adequate cost benefit analysis. NARA also had not met preliminary targets identified in their data center consolidation plan, and had not reduced energy consumption at the data center. Additionally, NARA had not conducted the analysis needed to consolidate and virtualize servers, resulting in overlap and duplication within NARA's main datacenter. (OIG Audit Report #12-09, dated May 10, 2012. See Page 12.)

### **Programs and Operations**

- **Management issues.** A management letter was issued regarding some issues in an area which is also related to an ongoing criminal investigation, this management letter will be discussed in detail when the investigation concludes.

# EXECUTIVE SUMMARY

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- **Process of Safeguarding and Accounting for Presidential Artifacts.** Some improvements have occurred to strengthen controls over Presidential artifacts (including gifts from foreign heads of state, etc.) but they continue to be at risk of loss or theft. The cause is multi-faceted, and can best be attributed to a lack of resources, failure to adopt and deploy a cross-library automated inventory system, and a lack of effective planning and setting of priorities to ensure all Presidential Libraries complete timely inventories of artifacts. (OIG Audit Report #12-10, dated September 13, 2012. See page 12.)
- **NARA's Public Transit Subsidy Program.** NARA did not implement adequate or effective controls to reduce the likelihood of fraud, waste, and abuse. For example, (a) the information in benefit applications was not verified; (b) NARA did not enforce the requirement to renew benefits annually; (c) employees receiving subsidized parking did not relinquish their parking permit; (d) NARA has no effective process to determine whether employees adjust their benefits based on travel, telework, or change of address; (e) exit procedures were not effective to prevent separated employees from receiving transit benefits; and (f) NARA's listing of transit program participants is not accurate. (OIG Audit Report #12-17, dated August 27, 2012. See page 13.)
- **NARA's Parking Program.** NARA expended over \$430,000 for an automated license plate recognition system at the College Park, MD facility which is not fully functional. This condition was the result of inadequate planning, lack of appropriate oversight, and flawed contractual terms. Both the assignment of culpability and the opportunity to identify the cause of the failure were compromised as emails associated with the procurement action were inadvertently deleted. As a result, NARA is left with a failed parking control system, a lack of recourse to apply against the vendor, and the loss of taxpayer funds. (OIG Audit Report #12-12, dated June 5, 2012. See page 14.)
- **NARA's Office of Government Information Services (OGIS).** We examined whether OGIS was adequately established, and meeting the intent for which it was established. In the absence of formal metrics directing OGIS how to meet its statutory requirements the OIG analyzed OGIS case files, reviewed documentation, and interviewed OGIS officials to determine if OGIS was meeting its mission by adhering to its statutory requirements. We found OGIS met their requirements. (OIG Audit Report #12-14, dated September 11, 2012. See page 15.)
- **Contractor Oversight.** We observed NARA did not have an adequate process to assess whether a prime contractor was properly carrying out subcontractor oversight. This could adversely affect NARA's cost for subcontractor services. In fact, NARA did not have a firm grasp of the specific tasks the subcontractor was performing on a daily basis. We also noted, (1) the contractor did not use competition to acquire the services of the subcontractor; (2) the subcontracts did not identify the specific work to be performed and the deliverables to be provided by the subcontractor; and (3) sufficient evidence subcontractor personnel were U.S. citizens, or security background investigations were conducted, was not submitted prior to individuals working on the subcontracts. (Management Letter #12-16, dated September 28, 2012.)

# *EXECUTIVE SUMMARY*

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## Investigations

Significant accomplishments by the Office of Investigations (OI) during this reporting period include:

- Following conviction for embezzling historically significant sound recording discs from NARA, a former NARA employee was sentenced to 18 months in federal prison, ordered to pay \$99,863 in restitution and required to forfeit 4,806 sound recordings.
- A presidential historian convicted of conspiracy and theft of historical documents was sentenced to seven years in federal prison and ordered to pay \$46,525 in restitution.
- The OI assisted NARA and the Department of Justice (DoJ) in the recovery of a presidential pardon signed by Abraham Lincoln.
- The Archival Recovery Team recovered 1,950 holdings; including 1,639 sound recordings donated by a private citizen who purchased them from the former NARA employee convicted of embezzling NARA property, and 289 documents believed to have been stolen from four Presidential Libraries.
- During an OI investigation into their disappearance, several records related to Heinrich Himmler were discovered and returned to NARA's treasure vault.
- As a result of an OI criminal investigation, an admissions cashier at a Presidential Library admitted to stealing money from the library. The cashier entered into a pre-trial diversion program and will pay \$2,000 in restitution to NARA.
- Following a security incident at Archives I, the OI issued a Management Letter highlighting vulnerabilities in visitor screening and contract security training and response.

The OI opened six investigations and 55 complaints for preliminary investigation, while closing 13 investigations and 55 complaints. At the end of this reporting period, the OI had 21 ongoing investigations and 19 complaints. Three investigations and 11 complaints were referred to NARA management for information or appropriate action. Thirty-five percent of the ongoing investigations and complaints involve the potential alienation of NARA holdings. This number reflects continuing OI efforts through the Archival Recovery Team (ART) to identify and investigate lost, missing, and stolen NARA holdings. The DoJ continues to work with OI on several ongoing investigations including allegations of theft, destruction of Federal records, and conspiracy.

# ***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 4.3 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 nearly 600,000 artifact items and more than 515 terabytes of electronic 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 2011, NARA had 44 million online visits in addition to hosting 3.9 million traditional museum visitors, all while responding to 1.1 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) 2013, NARA requested an annual budget of approximately \$382.7 million including \$371.7 million for operations, \$8 million for repairs and restorations of facilities, and \$3 million for grants. The first six months of FY 2013 will run under a Continuing Resolution funding operations at FY 2012 levels (approximately \$391.5 million/year for NARA). With approximately 3,266 (estimated) Full-time Equivalents (FTEs), NARA operates 44 facilities nationwide.

# ***INTRODUCTION***

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

### **The OIG Mission**

The OIG serves the American citizen by improving the effectiveness, efficiency and economy of NARA programs and operations. As part of this we detect and prevent fraud and abuse in NARA programs, and strive to ensure proper stewardship over Federal funds. We accomplish this by providing high-quality, objective audits and investigations; and serving as an independent, internal advocate. Unique to our mission among other OIGs is our duty 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.

### **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**

In FY 2012, Congress provided \$4.1 million for the OIG's appropriation, including authorization for 23 FTEs. The first six months of FY 2013 will run under a Continuing Resolution funding operations at FY 2012 levels. At full staffing, personnel expenses account for approximately 93% of the OIG budget. A continual worry has been the OIG would not have sufficient funding to send staff outside of Washington D.C. if an incident occurred at the end of the fiscal year. We do not believe it is prudent to ask for appropriated funds each year for such a contingency. Instead we have sought a limited transfer provision from NARA so we could ask for available end-of-year funds from NARA in such a circumstance. However, NARA does not support our position and states they will not request such a transfer provision.

At the beginning of the period, the OIG had two audit vacancies to fill. During the period two Special Agent vacancies were created when one agent moved to another agency and one agent retired. Currently the OIG employs one Inspector General, one support staff, nine FTEs devoted to audits, six FTEs devoted to investigations, and a counsel to the Inspector General.

# ***ACTIVITIES***

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

### **Counsel of Inspectors General on Integrity and Efficiency (CIGIE) Legislation Committee**

The IG served as a member of the CIGIE Legislation Committee. The Legislation Committee provides regular and ongoing communication regarding legislative issues and other matters of common interest between the Congress and CIGIE. Specifically, the Committee provides timely information about Congressional initiatives to the IG community; solicits the views and concerns of the community in response to legislative initiatives and Congressional requests; and presents views and recommendations to Congressional committees and staff, the Government Accountability Office, and the Office of Management and Budget on issues and legislation affecting the IG community.

### **CIGIE Information Technology (IT) Committee**

The IG served as a member of the CIGIE IT Committee. The IT Committee facilitates effective IT audits, evaluations, and investigations by Inspectors General. The IT Committee also provides a vehicle for the expression of the IG community's perspective on Government-wide IT operations.

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

The Assistant Inspector General for Audits (AIGA) continued to serve as a representative to the FAEC. 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.

### **Assistant Inspectors General for Investigations (AIGI) Committee**

The AIGI Committee serves as a standing subcommittee to the CIGIE Investigations Committee. As a member, the AIGI helps provide guidance, assistance and support to the CIGIE Investigations Committee in the performance of its duties. In addition, the AIGI Committee serves as a conduit for suggestions, issues and concerns that affect the OIG investigations community to the CIGIE Investigations Committee for appropriate action.

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

The OIG counsel continues to be an active member of the CCIG, and communicated regularly with fellow members. The CCIG provides a rich environment where legal issues can be raised and interpretations can be presented and reviewed with an experienced network of OIG lawyers. During regular meetings multiple topics were discussed and addressed.

# ***ACTIVITIES***

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## **Management Assistance and Other Work**

- Responded to multiple requests for OIG records under the Freedom of Information Act.
- Reviewed legislative proposals and provided feedback to appropriate entities and reviewed newly passed legislation for its affect on NARA and the NARA OIG.
- Helped Department of Defense prosecutors identify a NARA witness to testify about an accused's service.
- Coordinated with the National Personnel Records Center to provide information to another OIG conducting a major criminal investigation
- Provided comment and input into several NARA directives and regulations covering a variety of topics.

## **Peer Review Information**

### **Peer Review of NARA OIG's Audit Organization**

In accordance with the Government Accountability Office's *Government Auditing Standards* (GAS) and CIGIE guidelines, the NARA OIG system of quality control for the audit organization in effect for the year ended September 30, 2010 was reviewed by the Federal Communications Commission (FCC) OIG. FCC OIG concluded "the system of quality control for the audit organization of NARA OIG in effect for the year ended September 30, 2010 has been suitably designed and complied with to provide NARA OIG with reasonable assurance of performing and reporting in conformity with applicable professional standards in all material respects. Federal audit organizations can receive a rating of pass; pass with deficiencies, or fail. NARA OIG has received a peer review rating of pass." There are no outstanding recommendations from this review.

NARA's next audit organization peer review is scheduled for late 2013.

### **Peer Review of NARA OIG's Office of Investigations**

NARA OIG's Office of Investigations was last peer reviewed by the National Science Foundation in May of 2008. There are no outstanding recommendations from this review.

In February 2012, the Attorney General of the United States granted the Inspector General's application for statutory law enforcement authority. Accordingly, the OI has begun preparations for the now mandatory peer review that must be completed within three years of being granted statutory authority. The peer review is currently scheduled for late 2014.

# ***ACTIVITIES***

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## **Peer Review of the U.S. Nuclear Regulatory Commission's Audit Organization**

During the reporting period we reviewed the system of quality control for the audit organization of the U.S. Nuclear Regulatory Commission Office of Inspector General (NRC OIG) in effect for the year ended March 31, 2012. We performed our review in accordance with the GAS and CIGIE guidelines. In our opinion, the system of quality control for the audit organization of NRC OIG in effect for the year ended March 31, 2012, has been suitably designed and complied with to provide NRC OIG with reasonable assurance of performing and reporting in conformity with applicable professional standards in all material respects. The NRC OIG received a peer review rating of *pass*. The report can be found at their website, <http://www.nrc.gov/insp-gen/auditpro/peer-review.html>. (OIG Audit Report #12-19, dated September 28, 2012)

## **Response to Congressional Items**

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

During the reporting period we briefed several Congressional Committee staffs on topics of current interest such as ongoing investigations, administrative issues and other happenings.

### **Request for Information on Non-Public Cases**

In accordance with a written request, we provided Senator Charles Grassley and Senator Tom Coburn with a biannual report on all closed investigations, evaluations, and audits that were not disclosed to the public.

### **Information on Open Audit Recommendations**

Chairman Darrell Issa of the House Oversight and Government Reform Committee requested, and was provided with, information on open and/or unimplemented OIG audit recommendations.

### **Information on the Use of "Seven Day Letters" Under the IG Act**

Chairman Darrell Issa of the House Oversight and Government Reform Committee requested, and was provided with, information on how we keep Congress fully and currently informed concerning fraud and other serious problems, abuses, and deficiencies.

### **Inventory of Commercial Activities**

We submitted to OMB our FY2012 inventory of commercial activities performed by OIG employees as required under the Federal Activities Inventory Reform Act of 1998 (the FAIR Act). OMB is required to list the available inventories in the Federal Register. The agency head must transmit a copy of the inventory to the Congress, and make it available to the public.

# AUDITS

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## Overview

This period, we issued:

- eight final audit reports and
- three management letters.<sup>1</sup>

We completed fieldwork on:

- an audit of NARA's Electronic Records Archives System's capability to preserve electronic records to ensure the continued existence, accessibility, and authenticity of electronic records over time;
- an audit of NARA's Internal Control Program to evaluate compliance with Federal laws and regulations, the adequacy of NARA's annual assurance statement, the accuracy and adequacy of individual office assurance statements and their compliance with federal and NARA guidance concerning internal control, and NARA's progress towards development of a formalized and comprehensive internal control program.

We initiated work on:

- an evaluation of NARA's Compliance with the Federal Information Security Management Act to assess the following NARA programs: continuous monitoring management, configuration management, identity and access management, incident response and reporting, risk management, security training, plan of action and milestones, remote access management, contingency planning, contractor systems, and security capital planning;
- an audit of NARA's FY 2012 Consolidated Financial Statements to: (1) express an opinion on whether the statements are fairly presented, in all material aspects, in conformity with U.S. generally accepted accounting principles; (b) report any significant deficiencies and material weaknesses in internal control that come to our attention as a result of the audit; and (c) report on our test of NARA's compliance with selected provisions of laws and regulations;
- an audit of NARA's Preservation Program to determine if program controls are adequate in order to meet the mission of preserving Federal records;
- an audit of the processing of textual and electronic records to evaluate and assess the controls over the process of making archival records available to the public.

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<sup>1</sup> Management letters are used to address issues which need to be quickly brought to the Archivist's or management's attention.

# AUDITS

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## Audit Summaries

### **Network Discovery and Assessment Report**

The OIG contracted with Information Management Resources Inc. (IMRI) to assist in identifying inadequacies within NARA's network, and suggest how to increase efficiency to better support NARA's business needs. The overall objective of the audit was to assess NARA's current and planned network architecture and design; and provide recommendations to improve performance, security, and efficiency.

The current network architecture does not adhere to vendor design best practices, and flat network topology directly results in higher risk of significant outages and ongoing performance issues affecting productivity of NARANet users. The audit identified multiple deficiencies with the network architecture, many of which stem from the lack of strategic planning with regard to the redundancy, resiliency and overall design of the network. These issues not only allow for security and performance problems, but they inhibit NARA IT management from effectively establishing a tactical and innovative strategy for the next generation of NARANet.

IMRI made 51 recommendations intended to assist NARA in correcting existing deficiencies and implementing a platform allowing NARA executives to ensure processes and technology are in place to support future business initiatives. Management concurred with 33 recommendations and partially concurred with 9 recommendations. Management did not concur with eight recommendations and believed one recommendation was overcome by events. (Audit Report #12-11, dated August 27, 2012.)

### **NARA's Classified Systems**

The overall objective of this audit was to determine whether NARA's classified systems were properly managed and adequately secured. Specifically, we sought to determine whether the security of NARA's classified systems complied with Federal and NARA security policies and guidelines. Executive Order 13526, *Classified National Security Information*, dated December 29, 2009, directs the agency head or senior agency official to establish uniform procedures to ensure the confidentiality, integrity, and availability of automated information systems. This includes networks and telecommunications systems that collect, create, communicate, compute, disseminate, process, or store classified information.

Although NARA has developed classified information system policies in accordance with Federal guidelines, the Office of Information Services personnel, system owners, and designees responsible for ensuring the confidentiality, integrity, and availability of NARA classified information systems have not consistently implemented these requirements. Specifically, of the seven classified systems reviewed, only one has a current authorization to operate. Further, NARA officials have not taken the appropriate and sufficient steps to adequately manage their classified systems. Management deficiencies include:

- Weaknesses recognized during annual security assessments were not always communicated and properly addressed;
- Plans of Actions and Milestones were not always maintained, updated, or reviewed, as required;
- Inventories of systems and components were not always updated and completed;

# AUDITS

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- Contingency Plans had not been developed and tested for all classified systems; and
- Continuous monitoring strategies had not been established or implemented.

Without proper oversight and accountability to ensure implementation of NARA's Classified Information Security Program as it relates to classified information systems, NARA is hindered in its ability to adequately identify and reduce the associated vulnerabilities and control failures. This places the confidentiality and security of classified information at risk. Although all risks cannot be avoided, the controls and processes identified in during the audit are fundamental to the security of NARA's classified information systems. We made eight recommendations to assist NARA in strengthening the security and control of its classified information systems. Management concurred with each of the recommendations. (OIG Audit Report #12-15, dated July 23, 2012.)

## **NARA's Data Center Consolidation Initiative**

We reviewed NARA's implementation of OMB's Federal Data Center Consolidation Initiative, and assessed NARA's progress in meeting its consolidation objectives and consolidating its data centers. NARA had not met preliminary targets identified in their data center consolidation plan and had not reduced energy consumption at the data center. Although NARA developed a Data Center Consolidation Plan in response to OMB's Federal Data Center Consolidation Initiative, NARA's plan was incomplete and did not reflect key aspects of the initiative. Specifically, the plan did not list all of the agency's data centers, did not include a complete list of hardware and software assets, and did not include an adequate cost benefit analysis. Without a complete baseline state of the environment NARA does not have the information needed to identify potential areas of cost savings.

We also found NARA had not conducted the analysis needed to consolidate and virtualize servers resulting in overlap and duplication within NARA's main data center. In addition, the governance structure outlined in the plan did not provide the appropriate oversight needed to measure and manage implementation of the FDCCI.

We made six recommendations to assist NARA in implementing the initiative and potentially resulting in cost savings by reducing energy usage. Management concurred with four of the recommendations and agreed to take corrective action. For the remaining two recommendations, management agreed action needed to be taken but did not concur with the proposed implementation process. (Audit Report #12-09, dated May 10, 2012.)

## **Follow-up Review of the Process of Safeguarding and Accounting for Presidential Artifacts**

In October 2007 we issued OIG Audit Report #08-01, *Audit of the Process of Safeguarding and Accounting for Presidential Library Artifacts*. The report identified material deficiencies in the cataloging, storage and protection of presidential artifacts held by NARA. Management concurred with all five recommendations and presented an Action Plan. This follow-up audit identified some improvements have occurred, but gifts from foreign heads of state, luminaries and common citizens continue to be at risk of loss or theft. The cause of this condition is multi-faceted and can best be attributed to a lack of resources, failure to adopt and deploy a cross-

# AUDITS

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library automated inventory system, and a lack of effective planning and setting of priorities to ensure all Presidential Libraries complete timely inventories of museum artifacts.

In addition, during the conduct of this follow-up audit we identified seven new issues warranting corrective action: (1) newly established time-lines for completing artifact inventories do not promote efficient or timely completion of the inventory process including prompt identification of missing or lost artifacts; (2) discrepancies between completed physical inventories and legacy documentation have not been adequately resolved; (3) the Office of Presidential Libraries (LP) does not have sufficient controls to ensure an adequate separation of duties over the accounting for artifacts; (4) management controls over valuable and vulnerable (V/V) artifacts need to be strengthened; (5) controls to safeguard incumbent Presidential artifacts placed in courtesy storage need improvement; (6) physical security and other management controls need improvement at the five Presidential Libraries visited; and (7) museum policies need updating.

We made eight recommendations for action necessary to address the findings identified in the report and to assist management in improving program stewardship and mitigating the ongoing material weakness. Management concurred with all but one recommendation. (Audit Report #12-10, dated September 13, 2012.)

## **NARA's Public Transit Subsidy Program**

We reviewed the adequacy of internal controls over the administration of NARA's Public Transit Subsidy Program (PTSB), focusing on whether controls identified by the Office of Management and Budget (OMB) were adequately implemented by On May 14, 2007, OMB issued a letter listing 10 minimum internal controls to prevent and deter abuse. All OMB internal controls were addressed in NARA policies or in NARA's newly implemented monthly internal reviews of transit benefits processes. However, these controls had not been implemented adequately or effectively to reduce the likelihood of fraud, waste, and abuse. Specifically, we found the following:

- NARA officials did not verify the completeness and accuracy of information in employee transit benefit applications. Incomplete and inaccurate applications and overstated commuting costs result in the inappropriate payments.
- NARA employees did not renew their transit benefits annually as required. Of the 29 in our sample, five did not meet this requirement and should have been ineligible to participate in the transit program until a renewal application was received.
- Based on NARA policy "If you regularly use subsidized parking supplied by a Federal agency, you are not eligible to participate in the PTSP. If you receive subsidized (or free) parking, you must relinquish your parking permit before receiving the subsidy." Of the 74 transit participants at our College Park, MD facility, seven redeemed \$8,008 in transit benefits from October 2009 through May 2011 while also on NARA's parking lists.
- NARA has not implemented an effective process to determine whether employees adjust their benefits based on travel, telework, or change of address.
- Exit procedures were not effective to prevent separated employees from receiving transit benefits to which they are not entitled. For example, of the 25 transit participants which separated from NARA, almost half continued to receive transit benefits after they left.
- NARA's listing of transit program participants is not accurate.

# AUDITS

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We made nine recommendations to assist the agency in strengthening the transit program, to address OMB internal control requirements, and to improve the effectiveness of NARA's Public Transit Subsidy Program. Management concurred with all nine recommendations. (Audit Report #12-17, dated August 27, 2012.)

## **NARA's Parking Control System at Archives II**

NARA's Archives II facility (AII) in College Park, MD, has three separate vehicle entrances. In order to control parking, a radio-frequency identification (RFID) system was installed at one of the vehicle entrances around 2005. The RFID system also reduced costs by replacing the security officer assigned to this vehicle entrance. NARA had relied on parking permits and security officers to control parking at AII's other two vehicle entrances. In August of 2008 the RFID system experienced a failure. When NARA personnel contacted the RFID system vendor to request repairs, they were informed the system was no longer supported by the vendor. Shortly thereafter NARA decided to replace the existing RFID system with a License Plate Recognition (LPR) system to read license plates at all of AII's vehicle entrances and control parking at the vehicle entrance which relied on the RFID system.

Our objective was to determine whether the LPR system, as well as NARA's parking program as a whole, met NARA's needs. Our objective also included a determination as to whether the controls over the LPR system and the overall parking program were effective. We found that NARA expended over \$430,000 on the LPR system. However, over two years after its initial estimated completion date the LPR system was not fully functional, preventing NARA from depending on the LPR system to control parking at AII.

In addition, NARA management failed to ensure decisions regarding the LPR system were adequately documented. The Government Accountability Office's "*Standards for Internal Control in the Government*" require all transactions and other significant events be clearly documented and readily available for examination. These standards require all documentation and records be properly managed and maintained. Despite this requirement, a lack of sufficient documentation regarding the LPR system hindered our ability to identify and review decisions NARA personnel made related to the LPR system.

We also found NARA's parking policies and procedures were not current. This occurred because NARA personnel decided not to update NARA's parking policies and procedures to reference use of the LPR system until the system had been accepted. Because the LPR system had not been accepted, NARA's parking policies and procedures did not reflect the actual practices carried out by security officers and NARA personnel.

We made four recommendations to strengthen the effectiveness of NARA's controls over the parking program at AII. Management concurred with each of the recommendations and updated NARA's parking policies and procedures shortly after receiving the OIG report. (OIG Audit Report #12-12, dated June 5, 2012.)

# AUDITS

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## **NARA's Office of Government Information Services**

The Openness Promotes Effectiveness in our National Government Act of 2007 amended the Freedom of Information Act (FOIA) to create the Office of Government Information Services (OGIS) within NARA. OGIS opened on September 8, 2009. Our objective was to determine whether OGIS was adequately established and was meeting the intent for which it was established.

OGIS is responsible for working with executive branch agencies and requesters to improve the administration of FOIA. Pursuant to 5 U.S.C. § 552(h), OGIS is charged with:

- Reviewing agencies' policies, procedures and compliance with FOIA;
- Offering mediation services to FOIA requesters and agencies and issuing advisory opinions as appropriate; and
- Recommending policy changes to Congress and the President.

In the absence of formal metrics directing OGIS how to meet its statutory requirements, we analyzed OGIS case files, reviewed documentation, and interviewed OGIS officials to determine whether OGIS was meeting its mission by adhering to its statutory requirements. Based on audit work performed, we found OGIS met the requirements of 5 U.S.C. § 552(h).

However, we found the average volume of cases closed by OGIS decreased from 93 cases per quarter in calendar years (CY) 2010 and 2011, to 26.5 cases per quarter in CY 2012. The cause of this decline was attributed to a technological impediment associated with scanners used by OGIS staff to input documents into a new case management system introduced by OGIS in the fourth quarter of CY 2011. Due to this technological impediment OGIS's process to close cases in a timely manner was hindered.

In addition, although OGIS was able to meet its mission, our audit found additional resources would allow OGIS to: 1) have a more robust program to review agencies' policies, procedures and compliance with FOIA and 2) adjust the roles of OGIS staff to segregate staff working with agencies who request OGIS assistance from staff reviewing agencies' policies, procedures, and compliance with FOIA. A lack of resources, specifically a lack of staff, prevented OGIS from implementing a more robust review process to better meet the requirements of 5 U.S.C. § 552(h).

We made two recommendations designed to improve OGIS's ability to continue meeting the requirements of 5 U.S.C. § 552(h). Management concurred with both recommendations. (OIG Audit Report #12-14, dated September 11, 2012.)

# ***INVESTIGATIONS***

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## **Investigations**

The Office of Investigations (OI) receives and evaluates complaints, and conducts investigations related to fraud, waste, and abuse in NARA programs and operations. This includes identifying and recovering alienated NARA holdings. Investigations showing violations of Federal law, NARA Directives, or contract terms/specifications may result in administrative sanctions, civil action, or criminal prosecution. Such actions can include employee terminations, contractor debarments, and court-imposed prison terms, probation, fines, or restitution. The OI may also issue Management Letters to the Agency detailing systemic or timely problems or vulnerabilities, and offer recommendations on how to correct them.

OI activities are broadly divided into two groups, general investigations and Archival Recovery Team (ART) investigations. General investigations encompass the entire spectrum of criminal and administrative investigations, including such topics as procurement fraud, employee misconduct, and cyber crimes. ART investigations revolve around protecting NARA's historical holdings and returning items missing from NARA's collection.

The OI has statutory law enforcement authority, and is presently staffed with four 1811 series criminal investigators, an Investigative Archivist, and a Director of Computer Crimes. The OI is based in Archives II in College Park, MD but conducts investigations at all NARA locations across the country. The OI maintains a close relationship with NARA Security Services to coordinate law enforcement efforts impacting NARA. Specifically, ART routinely coordinates efforts with the Holdings Protection Team, a NARA Security Services unit charged with proactively protecting and securing NARA holdings. We also liaison with the Department of Justice (DOJ), the OIG community, and other law enforcement agencies and organizations.

### **Proactive Efforts**

While conducting reactive investigations, the OI may identify vulnerable activities, programs, or procurements. To address this, OI may open proactive investigations to determine if fraud or other criminal activity has occurred, or to identify specific agency vulnerabilities. Findings from these proactive investigations result in Management Letters or spin-off investigations. The OI conducted two proactive investigations during this reporting period to document initiatives related to Federal Employee Compensation Act fraud and information security violations. The OI also issued a Management Letter highlighting vulnerabilities in visitor screening and contract security training and response.

### **Overall Activity Summary**

At the end of the last reporting period, 24 investigations were open. During this reporting period, six investigations were opened and 13 were closed. Three of the closed investigations were referred to NARA for action. At the end of this reporting period, 21 investigations were open.

# ***INVESTIGATIONS***

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## **General Investigations**

### **Updates on Previously Reported General Investigations**

#### **Former NARA Employee Guilty of Copyright Infringement**

As a result of an OI investigation involving the execution of three search warrants, a NARA employee was arrested and subsequently pleaded guilty to criminal copyright infringement. According to his plea agreement, the employee provided potential customers with lists of at least 1,144 copyrighted movie titles and 971 copyrighted songs available for sale. The employee was terminated in June 2012 and is scheduled to be sentenced in October 2012.

#### **Former NARA Employee Accessed Child Pornography**

A NARA employee was alleged to be accessing child pornography from his home computer by an external law enforcement entity. An examination of the employee's NARA computer found no indication child pornography was accessed from the workplace. The case was accepted for prosecution, and the employee pleaded guilty to receipt of child pornography. The employee resigned from his position with NARA and on April 23, 2012 he was sentenced to five years in Federal prison, followed by 10 years of supervised release.

#### **NARA Employee Sent Threatening/Harassing Email**

An employee used his NARA computer to send threatening / harassing emails to other government employees. The OI referred these findings to NARA management and he was issued an advisement letter.

#### **Non-Profit Improperly Disposed of NARA Property**

A non-profit organization participating in the General Services Administration (GSA) Computers for Learning program mishandled excess NARA IT equipment. Although DoJ joined this joint investigation with the GSA OIG, it was ultimately declined for prosecution.

#### **NARA Employee Mishandled IRS Records**

A NARA employee gained unauthorized access to sensitive IRS criminal records by opening a sealed box. The employee then provided false statements about the incident to his supervisor. The OI referred the case to NARA management, but no action was taken against the employee.

#### **Former NARA Employee Stole Cash from Register at Presidential Library**

A NARA employee stole money from an admissions cash register at a Presidential Library. The employee admitted to the theft and resigned from his NARA position. The county prosecutor accepted the case. The employee entered into a pre-trial diversion program and was ordered to pay NARA \$2,000 in restitution.

#### **Contract Guard Misconduct**

A supervisory contract security guard allegedly extorted subordinate employees, and engaged in inappropriate relationships with other guards. The OI referred the findings to management, and the contracting officer issued a letter to the contractor requiring an action plan to address NARA's concerns about contractor employee management and code of conduct.

# ***INVESTIGATIONS***

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## **Former NARA Employee Falsely Claimed Military Decorations**

As part of an ongoing joint investigation with the VA OIG, a former NARA employee admitted using NARA resources to falsify Bronze Star and Purple Heart certificates. The subject also admitted he submitted falsified documents to receive VA benefits. The NARA portion of this investigation was declined for prosecution after the U.S. Supreme Court ruled the Stolen Valor Act was unconstitutional.

## **Veteran Falsified Service Record using Fabricated NARA Memo**

An individual misrepresented his service record and fabricated a NARA memo. This joint VA OIG investigation is still pending a prosecutorial determination.

## **Gate Arm Not Repaired by Contractor**

A NARA employee who broke an inoperative gate arm at a parking lot was directed to pay the maintenance contractor for the repairs. However, the gate arm was never repaired because all gate arms, including the broken arm, were replaced by the contractor under a preexisting firm-fixed price contract. The employee has now been refunded the money he paid to the contractor.

## **New General Investigation Highlights**

### **Employees Engaged in Sexual Misconduct**

Two NARA employees admitted to engaging in sexual acts while on duty at Archives II. The acts were consensual and linked to a financial arrangement between the two employees. The case was declined for criminal prosecution and the OI referred this matter to NARA management for consideration of administrative action.

### **Removal and Destruction of Records**

The OI initiated an investigation into the removal and destruction of records. This investigation is open and ongoing.

### **NARA Employee Accessing Child Pornography**

A NARA employee allegedly accessed internet child pornography. The OI found no evidence the employee accessed child pornography from a NARA computer. This investigation is open and ongoing.

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

ART is an OI unit which investigates and recovers alienated federal records. The team works with NARA archivists, the Holdings Protection Team, and other law enforcement organizations responsible for investigating thefts, loss, or trafficking of cultural artifacts and fine art. Since ART's inception it has been directed by Special Agent in Charge (SAC) Kelly Maltagliati. In September 2011, SAC Maltagliati retired after a long and distinguished career in federal law enforcement spanning over two decades. Under her direction ART has grown tremendously, and had remarkable successes. In recognition for these achievements, SAC Maltagliati was a finalist for the Samuel J. Heyman Service to America Justice and Law Enforcement Medal in 2012. The OIG wishes SAC Maltagliati and her family all the best. Her retirement is well deserved, but her contributions will be sorely missed.

# ***INVESTIGATIONS***

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## **Thefts**

ART investigates all allegations of theft of NARA holdings. Thefts may be internal or external and involve NARA employees, contractors, interns, and researchers. ART refers all instances of substantiated theft to DOJ for potential criminal prosecution. ART also refers internal thefts to NARA management for administrative action.

## **Non-criminal Recoveries**

Individuals may intentionally or unknowingly alienate a Federal record before it is accessioned into NARA's holdings. Once identified, alienated records are subject to recovery through a legal process known as replevin, a common law action to recover property unlawfully taken.

When ART receives allegations a record or item was alienated, our Investigative Archivist establishes whether the record should have been accessioned into NARA's holdings. If the record should have come to NARA, ART refers this substantiation to the NARA Office of General Counsel (NGC) to begin the replevin process or other methods of recovering the document, such as voluntary donation. If the holder of the document is unwilling to release or donate a document, NGC may also pursue recovery through the DOJ civil division.

## **Proactive**

Tips from our public sentinels are critical to successfully recovering of our nation's records. To leverage the power of their knowledge, ART engages in a variety of initiatives to establish relationships within the historical artifacts community and the public at large. Several times every year, ART staffs a display at various historical artifact shows throughout the country. In this reporting period ART attended the Virginia Civil War Show in Fredericksburg, VA and the Gettysburg Civil War Show in Gettysburg, PA.

ART also maintains a facebook page updating the public about upcoming shows and ART happenings, along with other newsworthy items about document thefts, investigations, and recoveries at NARA and other institutions worldwide. Visit the site at <http://www.facebook.com/archivalrecoveryteam>.

Finally, ART reviews NARA holdings, identifying items at risk for theft and making recommendations to NARA about what records should be restricted or protected. This reporting period, ART referred to NARA management the results of a proactive examination of several sets of records which had either been microfilmed, digitized, placed on exhibit or undergone preservation treatment. ART's investigative archivist examined these records at NARA's two main Washington D.C. area facilities, two Presidential Libraries and one regional archives facility. During this review the investigative archivist was unable to locate several items from a records group stored at NARA's College Park, MD facility (Archives II). However, those items may have simply been misfiled as ART found no evidence they were stolen or alienated. The findings were referred to NARA management for information.

# ***INVESTIGATIONS***

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## **Missing Documents**

Working in conjunction with NARA, ART has established a listing of documents identified as missing from NARA holdings. Some of these documents are known to have been stolen, but have never been recovered. Others have simply been identified by NARA archivists or researchers as missing. In both cases, ART has little or no evidence to work with, so the documents are posted on the NARA website in the hope of receiving viable leads to recover these materials. ART's missing documents email received seven inquiries this reporting period.

Please visit the website at [www.archives.gov/research/recover/missing-documents.html](http://www.archives.gov/research/recover/missing-documents.html) to learn more. If you have information about any document listed on the site, or believe you have seen Federal documents in private hands, please email ART at [MissingDocuments@nara.gov](mailto:MissingDocuments@nara.gov).

## **Updates on Previously Reported ART Investigations**

### **NARA Employee Sentenced for Internal Theft of Sound and Motion Picture Recordings**

A former employee pleaded guilty to embezzling government property from NARA. Special agents executed a search warrant on the subject's residence and seized over 6,000 recordings. On May 3, 2012, the former employee was sentenced to 18 months in Federal prison, followed by 2 years of supervised release. He forfeited to 4,806 sound recordings to NARA and was required to pay a \$10,000 fine and \$99,863 in restitution to victims to whom he sold the stolen recordings.

### **Presidential Historian Sentenced for Theft of Historical Materials**

As a result of a joint investigation with the Federal Bureau of Investigation, two subjects pleaded guilty to conspiracy and theft of historical documents. The subjects visited numerous museums, accessed collections of documents which they had determined to be of significant value, used various techniques to steal them, and then sold some for personal gain. One subject, a presidential historian, was sentenced on June 27, 2012 to seven years in Federal prison, followed by three years of supervised release. He was ordered to pay \$46,525 to three dealers who purchased stolen documents from him and forfeit more than 10,000 items recovered from his apartment. The OI assisted the FBI in returning approximately 2,000 of seized items to their original repositories. Sentencing of the co-conspirator is scheduled for November 2012.

### **Lincoln Pardon Recovered**

An OI investigation led to NARA's General Counsel filing a Federal lawsuit and successfully recovering a Presidential pardon signed by Abraham Lincoln. The pardon is the only known pardon of an African-American soldier personally granted by President Lincoln. This historically significant document was set to be sold "to the highest bidder" but it is now back at NARA and available for public research.

### **JFK Signature Clipped from a Letter**

An archivist found a letter from then Senator John F. Kennedy to the General Counsel at the U.S. Information Agency with the signature block removed. It will be difficult to identify the missing signature as ART could not locate a full copy of the letter; recovery is unlikely.

# ***INVESTIGATIONS***

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## **Classified Material Unaccounted For at a NARA Records Center**

An OI investigation into approximately 1,400 boxes of classified material which had been identified as potentially missing from a NARA records center was closed pending completion of inventory validation of the facility's classified records holding area. ART initiated the investigation to determine how these boxes were identified in an inventory database, but were not accounted for on the shelves during the inventory; and whether any national security information had been compromised. ART did not identify any national security issues, and many previously unaccounted for boxes have been discovered within the facility, or paperwork clarifying their status has been identified. Thus, until the records center has completed its inventory resolution efforts for the classified records holding area, it will be unknown whether or not there continues to be an issue, and it's full scope if it still exists. ART will re-open or close final this investigation once the inventory resolution efforts are complete and we have been briefed on the results.

## ***New ART Investigative Highlights***

### **Missing Nuremberg Documents Found**

Two documents missing for approximately 15 years from NARA's Treasure Vault at the College Park, MD facility were found in a collection of boxes containing miscellaneous documents. Both documents were part of an exhibit presented by the prosecution at the Nuremberg Trials. One document is a handwritten note by Heinrich Himmler for a speech to the Nazi guard, and the other is the transcription excerpt of that speech.

### **Naval Dispatch Sold**

A copy of the naval dispatch issued by the Secretary of the Navy in August 1945 announcing the Japanese surrender was sold at auction. ART referred the matter to NARA management, but recommended not seeking recovery. NARA staff found a similar copy on microfilm, and there was no evidence this record was ever held by NARA. Management concurred.

### **Referrals for Recovery of Alienated Documents**

During this reporting period, ART referred one investigation and five complaints to management for recovery consideration. Eleven total referrals remain pending with management.

- **Page Missing from a U.S. Naval Deck Log**  
A NARA researcher found a page was missing from a deck log for the U.S.S. Malvern. The page documents a visit by President Abraham Lincoln to the city of City Point, VA on March 25-26, 1865. The missing page was located at another institution and recovery is pending.
- **World War II Maps Donated to NARA**  
A private attorney contacted ART on behalf a client interested in donating WWII maps to NARA. The maps are believed to have been created to assist Navy ships and Marine Corps personnel in determining where to land in Japan for the occupation by U.S. Forces after the Japanese surrender. ART referred the matter to the NGC and the donation is pending.

# INVESTIGATIONS

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- Life-Saving Station Log Book  
A NARA employee found a life-saving station log book at another institution. The log book is consistent with holdings at the NARA Mid-Atlantic Region and NARA management and NGC have agreed to seek recovery.
- Alienated State Department Document for Sale  
A NARA researcher found a document for sale that may be part of a State Department record. The historically significant document contains handwritten annotations from President Franklin D. Roosevelt. ART continues to gather information in support of this referral to NARA management for recovery consideration.
- Letter from JFK to General Maxwell Taylor for Sale  
Staff at the John F. Kennedy Library found a letter from President Kennedy to his National Security Advisor for sale. ART continues to gather information in support of this referral to NARA management for recovery consideration.
- Document Signed by Revolutionary War General for Sale  
ART found a document signed by Revolutionary War General Peter Muhlenberg for sale. The document is consistent with holdings at the NARA Mid-Atlantic region and ART continues to gather information in support of this referral to NARA management for recovery consideration.

## **Referrals to Management for Information Only**

ART also referred five complaints to management for information only.

- WWII Documents Not Microfilmed  
A NARA employee reported that over 339 boxes of oversize documents had not been microfilmed. The documents are part of a WWII record group that is available to researchers as microfilm. However, ART confirmed the oversize documents had not been microfilmed and referred the matter to NARA management to help ensure researcher access.
- Permanent Internal Revenue Service (IRS) File Located at Private Institution  
The IRS investigation file of a former president was acquired by a private university. ART referred the matter to NARA management to facilitate ongoing recovery efforts through the IRS.
- Historic Documents found in the Trash at NARA's College Park, MD Facility  
A NARA employee threw historical documents in the trash while performing holdings maintenance. The documents were recovered before the trash was permanently removed from the area. The employee's actions were not malicious, and they were reassigned to another project.

# ***INVESTIGATIONS***

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- **Presidential Cabinet Chair**  
ART assisted NARA's counsel and a Presidential Library in determining whether a chair offered at auction was in fact a Presidential Cabinet Chair. NARA ultimately determined the Presidential Library has the actual Cabinet Chair.
- **President Lincoln Letter Missing**  
A NARA archivist discovered a letter signed by Abraham Lincoln detailing an offer by James Gordon Bennett, Jr. to furnish his yacht for the Revenue Cutter Service is missing from NARA. There are no investigative leads on the whereabouts of the letter. However, ART will continue to look for the document through proactive efforts and may post the letter on NARA's Missing Documents website.

## **Computer Crimes Unit**

In 2005, NARA OIG established a Computer Crimes Unit (CCU) within the OI. The CCU provides laboratory and field support for digital evidence seized or surrendered to NARA OIG or other law enforcement agencies working with the NARA OIG. Typical digital evidence forensic support services include computer and computer storage examination, volatile and flash memory storage device (cell phones, two-way pagers, Personal Digital Assistants, facsimile machines, satellite phones, GPS receivers, digital cameras, and other consumer communication and electronic storage devices) examination, on-site computer hard drive imaging, expert witness testimony, data analysis to determine evidentiary value, and technical training. The CCU is staffed by one full-time computer crimes investigator.

Throughout the reporting period, the CCU continued to provide considerable support to an ongoing investigation related to the theft of a large amount of historical documents from NARA and multiple other repositories. The CCU completed forensic examinations of a large volume of digital evidence seized during a series of search warrants. During the examination of digital evidence, the CCU identified a large volume of evidence related to the planning and conduct of the thefts including e-mail correspondence, online research of the historical documents at various repositories, and travel records related to visits to these repositories.

The CCU also completed a preliminary investigation into allegations a NARA employee installed unauthorized software on their NARA laptop. The NARA Inappropriate Use Working Group (IUWG) referred the allegations to the OI after interviewing the NARA employee. The employee admitted to the IUWG he installed unauthorized software, and a CCU analysis of his issued laptop confirmed his admission.

Finally, the CCU supported several investigations being conducted by the Federal Communications Commission (FCC) OIG. In one of the FCC OIG cases, the CCU obtained, processed, and forensically examined approximately five-hundred and seventy (570) gigabytes of digital evidence from a desktop computer. In another case, the CCU examined digital evidence for three (3) computer workstations. This investigation is ongoing.

# 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 Fax**  
(301) 837-0879
- **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 OIG audit staff, NARA management, or external authorities. Substantive Hotline contacts are captured as complaints in the Office of Investigations.

<u>OIG Hotline Activity for the Reporting Period</u>	
Complaints received	55
Complaints closed pending response from NARA	5
Complaints closed final	45
Complaints open to Investigations	5

## Contractor Self Reporting Hotline

As required by the Federal Acquisition Regulation, a web-based form allows NARA contractors to notify the OIG, in writing, whenever the contractor has credible evidence 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 accessed through the OIG's home page, or found directly at: <http://www.archives.gov/oig/contractor-form/index.html>.

# *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.

One area not identified below is the impact of the major NARA transformation instituted under the direction of Archivist of the United States David S. Ferriero. The organizational structure the Archivist inherited when he came to NARA two short years ago has been radically re-engineered, and the majority of senior staff who held positions of authority under the former Archivist have left the agency. The process of transforming NARA to meet our core mission in this digital age is essential, but organizational transformations by their very nature may precipitate unforeseen challenges to staff and management alike.

### **1. Electronic Records Archives**

NARA initiated the Electronic Records Archive (ERA) program in order to address the challenge of ingesting, preserving and providing access to our nation's electronic records for as long as needed. However, virtually since inception the program has been fraught with delays, costs overruns, and technical shortcomings and deficiencies. Elements of these problems were identified by NARA's Office of Inspector General and the Government Accountability Office (GAO). In August 2010, OMB placed ERA on its high-priority list of 26 high-risk IT projects selected from across the Federal government. On September 30, 2011 the development contract between NARA and Lockheed Martin Corporation concluded. However, many core requirements were not fully addressed, and ERA lacks the originally envisioned functionality.

The program has now transitioned to an Operations and Maintenance (O&M) phase under a 10-year, \$240 million contract with IBM. The O&M tasks to be performed by IBM, under a firm-fixed-price (FFP) arrangement, include: help desk operations, incident management, problem management, hardware and software maintenance, asset and configuration management, deployment management, capacity management, availability management, security services, backup and recovery services, and ingest operations. The contract will also include replacing and updating the technologies comprising ERA, and correcting and adapting ERA functionality as necessary to meet stakeholder needs. These additional tasks will be performed under Technical Direction Letters (TDLs) which may be either FFP or time-and-materials (T&M) arrangements. ERA faces many challenges going forward, including addressing increased volumes of data to be ingested and increased number of users to be supported now that ERA use is mandatory for all Federal agencies. However, the greatest challenge will be NARA's ability (with vendor support) to effectively meet stakeholder needs, while operating and maintaining a system whose development failed to meet core benchmark requirements and lacks originally envisioned capabilities.

# TOP TEN MANAGEMENT CHALLENGES

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## 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.

To help address this issue, NARA 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. This area was again affected in November 2011 with the issuance of a Presidential Memorandum titled *Managing Government Records*. This began a new Executive Branch-wide effort to reform records management policies and practices. In August 2012, the Office of Management and Budget (OMB) issued Memorandum 12-18, *Managing Government Records Directive*, creating a robust records management framework. This Directive requires agencies, to the fullest extent possible, to eliminate paper and use electronic recordkeeping. It is applicable to all executive agencies and to all records, without regard to security classification or any other restriction. This Directive also identifies specific actions to be taken by NARA, OMB, and the Office of Personnel Management (OPM) to support agency records management programs. Agencies must manage all permanent electronic records in an electronic format by December 31, 2019, and must manage both permanent and temporary email records in an accessible electronic format by December 31, 2016. NARA, its Government partners, and Federal agencies are challenged with meeting these deadlines, determining how best to manage electronic records in accordance with this guidance, 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 beginning in FY 2007. NARA's Office of Information Services (OIS) 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. Over five years later, NARA officials continue to work to address weaknesses identified during the assessment.

# ***TOP TEN MANAGEMENT CHALLENGES***

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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. Annual assessments of NARA's compliance with the Federal Information Security Management Act have consistently identified program areas in need of significant improvement. The confidentiality, integrity, and availability of our electronic records and information technology systems are only as good as our IT security infrastructure. A 2011 GAO report identified significant weaknesses in access controls and other information security controls. In FY 2012, an OIG audit performed by contractors identified multiple deficiencies with NARA's network architecture, many of which stem from the lack of strategic planning with regard to the redundancy and resiliency and overall design of the network. These issues not only allow for security and performance problems, but they inhibit NARA IT management from effectively establishing a tactical and innovative strategy for the next generation of NARA's network. 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, approximately 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. ERA's diminished access capabilities compound this problem. 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 NARA's own facilities, as well as those used by other Federal agencies, are in compliance with these regulations; and to effectively mitigate risks to records which are stored in facilities not meeting these 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 and audio/visual records are stored on. Per management, preservation resources have not been able to adequately address the growth in holdings needing preservation action. As a result, backlogs have grown and NARA is not projected to meet its long

# ***TOP TEN MANAGEMENT CHALLENGES***

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range performance target for FY 2016. 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 action 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.

As an example, GAO reported NARA did not document the results of briefings to its senior management oversight group during the development of NARA's largest IT project, the ERA program. There is little evidence the group identified or took appropriate corrective actions, or ensured such actions were taken and tracked to closure. Without adequate oversight evaluating project progress, including documenting feedback and action items from senior management, NARA will not be able to ensure projects are implemented at acceptable cost and within reasonable time frames. GAO also reports NARA has been inconsistent in its use of earned value management (EVM), a project management approach providing objective reports of project status and early warning signs of cost and schedule overruns. Inconsistent use of key project management disciplines like EVM limits NARA's ability to effectively manage projects and accurately report on their progress.

## **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. Not only do NARA's holdings have immense historical and financial value, but we hold troves of national security information as well. Developments such as the creation of the Holdings Protection Team and implementation of stricter access controls are welcome additions to NARA's security posture and should be commended. However, NARA must continually strive to improve in this area.

# TOP TEN MANAGEMENT CHALLENGES

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## 9. Contract Management and Administration

The GAO has identified Commercial Services Management (CSM) as a government-wide initiative. The CSM 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 to improve the management and 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 laws, regulations and best practices.

## 10. Management of Internal Controls

OMB Circular A-123, *Management's Responsibility for Internal Control*, explains management is responsible for establishing and maintaining internal control to achieve the objectives of effective and efficient operations, reliable financial reporting, and compliance with applicable laws and regulations. GAO has reported NARA has not established an enterprise risk management capability, thus reducing its ability to anticipate future challenges and avoid potential crises. Currently, the agency has not established an effective Internal Control program, and OIG audit recommendations from as far back as FY 2009 concerning an Internal Control program have yet to be implemented. Thus, NARA is vulnerable to risks that may not be foreseen or mitigated, and does not have the ability to self-identify and appropriately manage or mitigate significant deficiencies. Establishment of an Internal Control program is critical as it provides several benefits including (1) improved decision making, (2) risk identification, management, and mitigation, (3) opportunities for process improvement, (4) effective use of budgeted resources, and (5) strategic planning. NARA's challenge is to ensure the agency is in compliance with OMB Circular A-123; and to develop and fully implement an Internal Control program.

# ***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	7, 9
Section 5(a)(1)	Significant problems, abuses, and deficiencies	2 – 4, 10 – 15, 17 – 23
Section 5(a)(2)	Significant recommendations for corrective action	2 – 4, 10 – 15
Section 5(a)(3)	Prior significant recommendations unimplemented	35
Section 5(a)(4)	Summary of prosecutorial referrals	32
Section 5(a)(5)	Information or assistance refused	35
Section 5(a)(6)	List of reports issued	33
Section 5(a)(7)	Summaries of significant reports	2 – 4, 10 – 15
Section 5(a)(8)	Audit Reports—Questioned costs	33
Section 5(a)(9)	Audits Reports—Funds put to better use	34
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	35
P.L. 111-203	Reporting on OIG peer review	8

# REPORTING REQUIREMENTS

## STATISTICAL SUMMARY OF INVESTIGATIONS

<i>Investigative Workload</i>	
Complaints received this reporting period	55
Investigations pending at beginning of reporting period	24
Investigations opened this reporting period	6
Investigations closed this reporting period	13
Investigations carried forward this reporting period	21
<i>Categories of Closed Investigations</i>	
Fraud	1
Conflict of Interest	0
Contracting Irregularities	1
Misconduct	4
Larceny (theft)	0
Other	7
<i>Investigative Results</i>	
Cases referred – accepted for prosecution	1
Cases referred – declined for prosecution	5
Cases referred – pending prosecution decision	1
Arrest	0
Indictments and informations	0
Convictions	0
Fines, restitutions, judgments, and other civil and administrative recoveries	\$158,388
NARA holdings recovered	1950
<i>Administrative Remedies</i>	
Employee(s) terminated	1
Employee(s) resigned	3
Employee(s) suspended	0
Employee(s) given letter of reprimand or warnings/counseled	0
Employee(s) taking a reduction in grade in lieu of administrative action	0
Contractor (s) removed	0
Individual(s) barred from NARA facilities	0

# ***REPORTING REQUIREMENTS***

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## **SUMMARY OF PROSECUTORIAL REFERRALS**

### **Requirement 5(a)(4)**

#### **Accepted for Prosecution**

##### **Removal and Destruction of Records**

The OI initiated an investigation into the removal and destruction of records. This investigation was accepted for criminal prosecution and is open and ongoing.

#### **Declined for Prosecution**

##### **Employee Sexual Misconduct**

Two NARA employees admitted to engaging in sexual acts while on duty. The acts were consensual and linked to a financial arrangement between the two employees. The case was declined for Federal and state criminal prosecution.

##### **Improper Disposition of NARA Property**

A non-profit organization participating in the General Services Administration (GSA) Computers for Learning program mishandled excess NARA IT equipment. The joint investigation with the GSA OIG was declined for Federal prosecution.

##### **Veteran Benefit Fraud**

As part of an ongoing joint investigation with the VA OIG, a former NARA employee admitted using NARA resources to falsify Bronze Star and Purple Heart certificates. The subject admitted he submitted falsified documents to receive VA benefits. The NARA portion of the investigation was declined for Federal prosecution and the VA OIG investigation is ongoing.

##### **External Access of Child Pornography**

A NARA employee was alleged to have accessed internet child pornography. The OI found no evidence the employee accessed child pornography from a NARA computer. This investigation was declined for Federal prosecution, but remains open and ongoing.

#### **Pending Prosecutorial Determination**

##### **Stolen Valor**

An individual misrepresented his service record and fabricated a NARA memo. This joint VA OIG investigation is pending a prosecutorial determination.

# REPORTING REQUIREMENTS

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

Report No.	Title	Date	Questioned Costs	Unsupported Costs	Funds Put to Better Use
12-09	Audit of the Data Center Consolidation Initiative at NARA	05/10/2012	0	0	0
12-10	Follow-up Review of the Process of Safeguarding and Accounting for Presidential Artifacts	09/13/2012	0	0	0
12-11	Information Management Resources Inc. (IMRI) Network Discovery and Assessment Report	08/27/2012	0	0	0
12-12	Audit of NARA's Parking Program	06/05/2012	0	0	0
12-14	Audit of NARA's Office of Government Information Services	09/11/2012	0	0	0
12-15	Audit of NARA's Classified Systems	07/23/2012	0	0	0
12-17	Audit of NARA's Public Transit Subsidy Program	08/27/2012	0	0	\$9,262.40
12-19	System Review Report on the Nuclear Regulatory Commission's Office of Inspector General Audit Organization	09/27/2012	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	1	\$3,970,827	\$3,970,827
B. Which were issued during the reporting period	0	\$0	\$0
Subtotals (A + B)	1	\$3,970,827	\$3,970,827
C. For which a management decision has been made during the reporting period	1	\$3,970,827	\$3,970,827
(i) dollar value of disallowed cost	0	\$0	\$0
(ii) dollar value of costs not disallowed	1	\$3,970,827	\$3,970,827
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

# 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	2	\$9,050,000
B. Which were issued during the reporting period	1	\$9,262
Subtotals (A + B)	3	\$9,059,262
C. For which a management decision has been made during the reporting period	0	\$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	3	\$9,059,262
E. For which no management decision was made within 6 months of issuance	3	\$9,059,262

# **REPORTING REQUIREMENTS**

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## **OTHER REQUIRED REPORTS**

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

## **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 the OIG audited the ERA and other contracts during this period, they were generally program audits as opposed to contract audits.