



National Archives and Records Administration

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Date : December 21, 2005

Reply to
Attn of : Office of Inspector General (OIG)

Subject : Audit Memorandum 06-07, Evaluation of Management Control Program for FY 2005

To : Allen Weinstein, Archivist of the United States (N)

Our review of the National Archives and Records Administration's (NARA's) Management Control Program for FY 2005 has been completed. The OIG performs this review annually to ensure that agency managers continuously monitor and improve the effectiveness of management controls associated with their programs. This continuous monitoring, and other periodic evaluations, provides the basis for the Archivist's annual assessment of, and report on management controls, as required by the Federal Managers' Financial Integrity Act (FMFIA).

We found that NARA's assurance statement was adequately supported and complied with the intentions of FMFIA and OMB Circular A-123, Management Accountability and Control. Pursuant to Section 4 of FMFIA, the financial subsystems of NARA generally conform to the objectives detailed in the revised OMB Circular A-127, Financial Management Systems. Although some systems are not in complete conformance because they fail to meet the financial management system requirement, the nonconformances are not deemed material. Because no recommendations are being made, we felt it would be more appropriate to provide the results of our effort through an audit memorandum rather than a more formal reporting process.

The purpose of our evaluation was to determine the extent to which there is sufficient evidence that NARA complied with the requirements of the FMFIA, OMB Circular A-123, OMB A-127, and NARA 114, Management Controls to support the Archivist's FY 2005 assurance statement to the President and Congress.

To accomplish our objective, we examined the assurance statements and related management control evaluation documents submitted by NARA office heads in support of their assurance statements and in accordance with NARA 114. We performed a detailed review on the assurance statements of five major program offices: Office of Administration (NA), Office of Information Services (NH), Office of Presidential Libraries (NL), Office of Regional Records Services (NR) and Office of Records Services (NW), while performing a desk audit on the remaining offices' assurance statements. We reviewed the related evaluation files to assess the timeliness and adequacy of actions planned and taken in response to recommendations from evaluations completed in both the current and previous fiscal years.

We compared information in the evaluation files to assess the accuracy of information reported in the assurance statements. We interviewed the NARA management control officer, and management control liaisons for each NARA organization. Our review revealed the following four issues.

Inaccurate Information Reported

Our review noted three instances where inaccurate information was reported in management's assurance statements to the Archivist. This condition resulted from lack of communication between management control liaisons and program offices. This could result in the Archivist reporting inaccurate information in the agency assurance statement.

In the first instance, NR reported in Enclosure C, Description of Material Weakness in Management Controls, that the Radio Frequency Identification Tag (RFID) technology testing was completed in FY 2005. NR also states the study concluded the RFID technology was not a viable option.

At the end of FY 2004, NARA hired a contractor to determine if using RFID technologies would be a viable solution to tracking documents and artifacts, thereby reducing the risks of theft and misfiling. The contract was awarded on September 23, 2004, with a performance period of September 27, 2004, to March 26, 2005. As of October 2005, the contractor has not submitted its first deliverable, which is the project management plan. This plan should include a project schedule and a written methodology plan. After further discussion with the management control liaison for NR and NW, we learned the project is technically still on-going. However, the contractor failed to perform in a reasonable time frame and NARA is considering canceling the contract.

According to NR's management control liaison, the project was complete because, "for all practical purposes, NARA will not continue to pursue this technology."

In the second instance, NA reported that A-127 reviews on Budget Execution and Formulation were completed. After requesting copies of the report, we learned the reviews were not performed. According to the Director of Financial Services Division (NAB), the A-127 review on the financial management subsystems were not performed because the service was being performed under another contract. In addition, the management control liaison included these reviews in the assurance statement because she thought they were completed.

In the third instance, NH reported they currently have and have tested contingency plans for all the systems. After further inquiry, it was determined that contingency plans have not been completed for two systems. According to the Chief Information Security Officer (CISO), one of the systems is not a certified system and therefore does not have a contingency plan. However, the issue with the other system is being resolved with the system owner. Based on the self assessment, NH's understanding is there is not a contingency plan because it is not required. NARA 114.11 states office heads must make an annual assurance statement to the Archivist on their system of management controls.

The assurance statement must include a list of management evaluations conducted and specific examples of management knowledge used as the basis for the assurance. In NARA Notice 2005-229, Assurance Statements for FY 2005, the Archivist states, “to adequately support my assurance statement, I must be fully assured that management controls of each office and staff are achieving their intended objectives. I need an assurance statement that assesses your management controls. It is very important that you report the status of all deficiencies and weaknesses and identify any material weaknesses as defined.”

In preparing the agency’s assurance statement, the Archivist is relying on management assurance statements that are not entirely accurate. This could result in the Archivist inaccurately reporting to the President and Congress the adequacy and effectiveness of management controls in NARA’s programs and administrative activities.

Inconsistent Reporting on Open Recommendations

We noted numerous instances in which program offices reported differently on the status of the same open recommendations. We also noted instances where program offices reported OIG reports or recommendations were closed; however, the reports or recommendations remain open. NARA 114 states program offices should coordinate before preparing their assurance statements to ensure conformity. This could result in the Archivist inaccurately reporting to the President and Congress the adequacy and effectiveness of management controls in NARA’s programs and administrative activities.

Our review revealed that two program offices, NA and NR reported differently on the same open recommendations. NA’s Space and Security Management Division (NASS) performed physical security and life safety audits at several records centers, which resulted in recommendations. These reviews and recommendations are reported on each program office assurance statement. The chart below details the report, recommendation, and how each program office reported the status of the recommendation.

Review/ Date	Recommendation	NR Status of recommendation	NA Status of recommendation
MPRC Physical Security and Life Safety Inspection/ FY 2004	1-4	NR is reporting as open	NA is reporting as closed
Seattle Physical Security and Life Safety Inspection	3	NR is reporting as closed	NA is reporting as open
Pittsfield Physical Security and Life Safety Inspection	1	NR is reporting as open	NA is reporting as closed
Bannister Physical Security and Life Safety Inspection	1	NR is reporting as open	NA is reporting as closed
Lee Summit Physical and Life Safety Inspection	1	NR is reporting as closed	NA is reporting as open

The following chart details the program offices that reported the incorrect status on OIG open items.

OIG Report No.	Program Office Status	OIG status
OIG #03-10	NHPRC reported as closed	OIG has recommendation #4 as open; therefore the report is still open
OIG #03-06	NPOL/NW reported this as closed	OIG has recommendation #1 as open; therefore the report is still open.
OIG #03-01	NH reported recommendation #4 as closed	OIG has the recommendation as open.
OIG #04-22	NH reported recommendation #2c as closed	OIG has the recommendation as open.
OIG 04-23	NH reported recommendation #1 as closed	OIG has the recommendation as open.
OIG 05-05	NH reported recommendations 1a & 1b as closed. NA reported recommendation #1c as closed.	OIG has these recommendations as open.
OIG #04-13	NR reported recommendations #1 & 3 as closed.	OIG has these recommendations as open.

Managers and management liaisons are not coordinating their responses with NA or NPOL before preparing their assurance statements to ensure conformity with inspections performed by NA or OIG. The failure to properly monitor and report on the status of open recommendations could lead to inaccuracies in the Archivist's assurance statement to the President.

Supporting Documentation Not Maintained

At least on one occasion, we noted documentation was not maintained to support statements reported in the program assurance statements. NARA 114 states management control assessments must be documented in writing. Supporting documentation was not prepared because the audit conducted by the program office ISOO did not reveal any exceptions. Without the proper support documentation, we are unable to verify if the program office actually performed the review as stated.

ISOO's assurance statement reports an audit of credit card records was completed for two purchase card holders. After requesting a copy of the report, we later learned a report was not prepared. ISOO's management control liaison stated the credit card audit was performed on one purchase card holder. Since everything was in place, no formal report was written.

The management control liaison reported the results of the audit in a staff meeting; however, notes from the staff meeting are not maintained.

NARA 114 states management control assessments must be documented in writing, either in the body of the report or in other materials maintained in the management control assessment file. OMB A-123 states documentation for transactions, management controls, and other significant events must be clear and readily available for examination. Without clear and readily available documentation, we are unable to determine if the information reported in the assurance statement is accurate.

Lack of Management Control Plan

One program office did not prepare a management control plan. According to NARA 114, each office head must develop and update a management control plan.

NEEO does not have a management control plan. NARA 114 states, that to ensure that appropriate action is taken throughout the year to meet the objectives of FMFIA, each office head must develop and update a written management control plan. The management control plan must include a list of critical functions, operations and programs, and must document the frequency with which management control in these critical areas will be reviewed. The plan should be used as a framework for planning future reviews. Since the most critical function of possible vulnerability of NEEO is the processing of EEO complaints of discrimination, the Director of EEO and Diversity Programs finds it unnecessary to develop a specific management control plan. Without a specific management control plan, the program office may fail to perform the required program reviews, which serve as the basis for the agency's assurance statement.

As a result of a meeting concerning these conditions, NARA's Management Control Liaison has agreed to work with liaisons in each office to ensure accurate information is reported, reporting on recommendations is consistent, supporting documentation is maintained and management control plans are documented.

Clifton Gunderson also performed A-123 and A-127 reviews as part of the financial statement audit. They did not report any findings but made several suggestions. The NARA Management Control Liaison agreed to review and implement these suggestions where applicable.

This evaluation was performed in accordance with generally accepted government auditing standards from September 2005 through December 2005 at Archives II in College Park, Maryland. Should you or your staff have any questions, or require additional information, please contact James Springs or me at (301) 837-3000.

Paul Brachfeld
Inspector General