



National Archives and Records Administration

8601 Adelphi Road
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Date : December 6, 2006

Reply to Office of Inspector General (OIG)
Attn of

Subject Audit Report No. 07-05 Clifton Gunderson LLP (CG) Audit of the National Archives and Records Administration FY 2006 Financial Statements

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

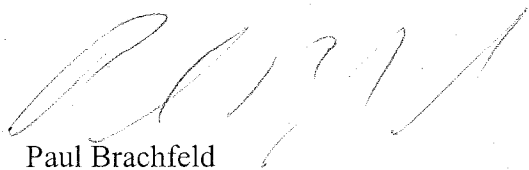
Enclosed for your review are the reports prepared by Clifton Gunderson, LLP (CG) for the subject audit. CG issued an unqualified opinion of the FY 2006 financial statements and a qualified opinion on the FY 2005 financial statements for the effects of adjustments, if any, as might have been necessary had they been able to perform adequate audit procedures on obligations and outlays related to investment.

CG reported one material weakness and two reportable conditions resulting in 21 recommendations that if implemented, should correct the matters reported.

- a. The material weakness is in information technology. CG reported weaknesses in logical and physical access controls, entity-wide security program, system software and service continuity. These weaknesses collectively constitute a material weakness.
- b. Review of obligations is considered a reportable condition. CG reported concerns because not all of the open obligations showed evidence of review.
- c. Payroll controls is considered a reportable condition. CG noted that controls over the maintenance of supporting documentation, validation and authorization of payroll related transactions need to be strengthened.

In connection with the contract, we reviewed CG's report and related documentation and inquired of its representatives. Our review, as differentiated from an audit in accordance with U.S. Generally Accepted Government Auditing Standards (GAGAS) was not intended to enable use to express, as we do not express, an opinion on NARA's financial statements or conclusions about the effectiveness of internal control or on whether NARA's financial management system substantially complied with FFMIA; or conclusions with laws and regulations. CG is responsible for the attached auditor's report dated November 7, 2006 and the conclusions expressed in the report. However, our review disclosed no instances where CG did not comply, in all material respects, with GAGAS.

In accordance with NARA 1201, your written response to each recommendation is due within 45 days. We appreciate the cooperation and assistance NARA extended to CG and my staff during the audit. If you have any questions, please contact me or James Springs, Assistant Inspector General for Auditing at (301) 837-3000.

A handwritten signature in dark ink, appearing to read 'P. Brachfeld', written in a cursive style.

Paul Brachfeld
Inspector General