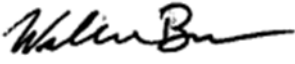




Inspector General

January 21, 2026

TO: Valorie Findlater  
Chief of Management and Administration

FROM: William Brown   
Acting Inspector General

SUBJECT: *Management Letter: Control Deficiencies Identified During the Audit of NARA's Fiscal Year 2025 Financial Statements*

The Office of Inspector General (OIG) contracted with Sikich CPA LLC (Sikich) to conduct an independent audit on the financial statements of the National Archives and Records Administration (NARA) as of and for the fiscal year ended September 30, 2025. Sikich issued an unmodified opinion on the financial statements of NARA as of and for the fiscal years ended September 30, 2025 (OIG Audit Report 26-AUD-01).

Sikich identified three internal control deficiencies and one repeat deficiency during the audit that did not rise to the level of significant deficiencies or material weaknesses, either individually or in the aggregate, but represents an opportunity to strengthen internal controls and operating efficiencies. The control deficiencies, summarized in the Appendix, have been discussed with the appropriate members of your management team. We consider the recommendations issued in this letter as open audit recommendations. Please submit the corrective action plan for these recommendations within 30 days. Once your office has implemented a recommendation, please provide evidence of completion or the agreed corrective action to facilitate recommendation closure. For full context on the control deficiencies, please review the Appendix alongside NARA's financial statements and notes, and the OIG Audit Report 26-AUD-01.

The Management Letter is intended solely for the information and use of NARA management, those charged with governance, and the Office of Inspector General and is not intended to be, and should not be, used by anyone other than these specified parties. As with all OIG products, we determine what information is publicly posted on our website from the attached report. Consistent with our responsibility under the *Inspector General Act, as amended*, we will provide copies of our report to congressional committees with oversight responsibility over NARA.

We appreciate the cooperation and assistance NARA extended to Sikich and my staff during the audit. Please contact me with any questions.

Attachment

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William Brown, Acting Inspector General  
National Archives and Records Administration

January 20, 2026

Valorie Findlater, Chief of Management and Administration  
National Archives and Records Administration

Dear Mr. Brown and Ms. Findlater:

In connection with our engagement to audit the fiscal year (FY) 2025 financial statements of National Archives and Records Administration (NARA), upon which we have issued our report dated December 18, 2025, in accordance with auditing standards generally accepted in the United States of America, we considered NARA's internal control over financial reporting. This was to determine the audit procedures that were appropriate in the circumstances for the purpose of expressing our opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of NARA's internal controls over financial reporting. Accordingly, we did not express an opinion on the effectiveness of NARA's internal control over financial reporting.

During our engagement, we identified deficiencies in NARA's internal control over financial reporting that, individually or in the aggregate, represented significant deficiencies. These deficiencies were communicated in our report dated December 18, 2025. We also became aware of deficiencies in internal control over financial reporting that did not rise, individually or in the aggregate, to the levels of significant deficiencies or material weaknesses. These matters were communicated to management during the audit. We are also communicating these deficiencies in the Appendix to this management letter as opportunities for NARA to strengthen its internal control over financial reporting.

This letter does not affect our report dated December 18, 2025, on the financial statements or our other reporting required by *Government Auditing Standards*. We plan to review the status of these internal control deficiencies during our next audit engagement.

This communication is intended solely for the information and use of NARA's management and the Office of Inspector General. This communication is not intended to be, and should not be, used by anyone other than these specified parties.

*Sikich CPA LLC*

Alexandria, VA



**APPENDIX: FISCAL YEAR 2025 MANAGEMENT LETTER**  
**CONTROL DEFICIENCIES THAT DO NOT MEET THE CRITERIA OF MATERIAL WEAKNESS OR SIGNIFICANT DEFICIENCY**

We noted the following deficiencies in NARA's internal control over financial reporting that do not rise to the levels of significant deficiencies or material weaknesses, either individually or in the aggregate: (1) Untimely Grant Closeout; (2) Rules of Behavior Acknowledgement Not Completed by New Hires; (3) Lack of Formal and Current Policies and Procedures Across Key Operational Areas; and (4) Entity-wide Travel Policy was Not Updated Timely. We provide additional details regarding these findings below.

**CONTROL DEFICIENCY 1: UNTIMELY GRANT CLOSEOUT**

As of June 30, 2025, NARA had 77 federal grants that remained open for more than one year past their period of performance end date, despite having no remaining financial obligations. Delays in grant closeout were due to the National Historical Publications and Records Commission (NHPRC) not establishing policies to ensure timely closeout of grants in accordance with federal requirements. Specifically, the NHPRC did not have a standardized process for monitoring grants approaching the end of their period of performance, coordinating final reporting, and initiating closeout actions within required timeframes.

According to Federal grant closeout requirements, *"The Federal agency must make every effort to complete all closeout actions no later than one year after the end of the period of performance."*

The backlog of NHPRC grant closeouts spanned multiple fiscal years, from 2018 through 2024. Although NARA has taken timely action to deobligate funds associated with expired grants, the continued delay in completing administrative closeout actions results in noncompliance with federal grant regulations.

Therefore, we recommend that the National Historical Publications and Records Commission (NHPRC) Director:

1. Develop and implement a formal, documented grant closeout process that includes clear policies and procedures aligned with federal requirements.
2. Provide training to relevant staffs on the new grant closeout policies and procedures to ensure consistent understanding and application across all grant programs.

At the conclusion of the audit, NARA management communicated that progress has been made regarding these recommendations. As noted in our letter above, we plan to review the status of this internal control deficiency, including any recommendations resolved, during our next audit engagement.

## **CONTROL DEFICIENCY 2: RULES OF BEHAVIOR ACKNOWLEDGEMENT NOT COMPLETED BY NEW HIRES**

All four new hire employee samples selected for payroll internal control testing had not acknowledged their Rules of Behavior (ROB), as required. These individuals retained active NARANet system accounts despite NARA requirements to automatically disable their accounts after 15 days unless the user submits an acknowledgement of reading and understanding the NARA ROB.

These conditions occurred due to manual errors during the account provisioning and disablement process. In some instances, service desk technicians may have re-enabled accounts at users' request without realizing that the accounts had been disabled due to incomplete security awareness training or ROB acknowledgement. In addition, the lack of embedded system controls to automatically prevent or flag such actions increases reliance on manual oversight.

NARA's Awareness and Training Handbook requires all new users to complete initial security awareness training and acknowledge the ROB within 15 days of being issued a network account. New network accounts are configured to automatically expire after 15 days unless the user submits an acknowledgement of reading and understanding the NARA ROB.<sup>1</sup>

Without ensuring that new information system users complete and acknowledge the ROB prior to gaining continued system access, there is an increased risk that users may not fully understand their responsibilities related to safeguarding NARA's information systems and data. The lack of embedded system controls to automatically prevent or flag such actions also increases reliance on manual oversight.

The following recommendation on security training was previously communicated in our Federal Information Security Modernization Act (FISMA) audit report and remains open:

- FY 2023 FISMA Audit report #24-AUD-01, Recommendation #11
  - Enhance current procedures to ensure that new NARA users who do not complete their initial security awareness training, have their accounts automatically disabled in accordance with timeframes promulgated within the Privacy and Awareness Handbook.

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<sup>1</sup> NARA Awareness and Training Handbook (August 15, 2022), Appendix A – Frequently Asked Questions, 1.

### **CONTROL DEFICIENCY 3: LACK OF FORMAL AND CURRENT POLICIES AND PROCEDURES ACROSS KEY OPERATIONAL AREAS**

During our review of NARA's internal control documentation across multiple business cycles, we observed that several policies and standard operating procedures (SOPs) were either missing, outdated, or lacked formal attributes typically associated with agency-issued guidance. For example, we identified documents that were dated as far back as 2012, while others did not include key elements such as effective dates, policy number, or official agency letterhead. We also noted a document dated "XXXX" and another titled "Interim Guidance," with no subsequent or final guidance available. These observations indicate inconsistencies in how policies and SOPs are documented and maintained across the agency.

These conditions occurred because, although NARA has an internal directive (NARA 111, *NARA Directives*) that establishes requirements for developing, issuing, and periodically reviewing internal policies and guidance, the directive has not been updated since April 2005, and the policy review and maintenance process has not been consistently implemented or monitored. As a result, NARA lacks a comprehensive and current framework for ensuring that internal policies and SOPs are formally documented, periodically reviewed, and kept up to date.

According to federal internal control standards requirements, *"Management documents in policies and procedures for each unit within the entity's organizational structure its responsibility for a business process's objectives and related risks and control activity design, implementation, and operating effectiveness... Management reviews policies, procedures, and related control activities on a periodic and ongoing basis for continued relevance and effectiveness in achieving the entity's objectives or mitigating related risks."*<sup>2</sup>

In addition, NARA's internal directive, NARA 111, establishes requirements for developing, issuing, and periodically reviewing internal policies and guidance, including a requirement that policy directives be reviewed at least every two years<sup>3</sup> and that interim guidance be incorporated into a formal policy directive within one year.<sup>4</sup>

The absence of formal, current, consistently maintained policies and SOPs increases the risk of inconsistent operational practices and decision-making, reliance on outdated or incomplete guidance, reduced transparency and accountability, and overreliance on institutional knowledge that may be lost when key personnel depart.

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<sup>2</sup> U.S. Government Accountability Office (GAO), *Standards for Internal Control in the Federal Government*, Principle 12.03 and 12.05.

<sup>3</sup> NARA 111 (April 20, 2005), *NARA Directives*, section 111.22(a).

<sup>4</sup> NARA 111 (April 20, 2005), *NARA Directives*, section 111.3(c).



Therefore, we recommend that the Chief of Management and Administration:

1. Update the NARA 111, *NARA Directives*, for the development, approval, and maintenance of internal policies and SOPs.
2. Ensure a NARA executive oversees and monitors the periodic review and update of the policies and SOPs.

**CONTROL DEFICIENCY 4: ENTITY-WIDE TRAVEL POLICY WAS NOT UPDATED TIMELY (REPEAT)**

NARA's 601 *Travel Policy and Procedures* listed on NARA's intranet and provided to the auditors was not current. The policy was last updated in March 2008, and it does not reference current procedures.

This internal control deficiency was reported in the prior-year audit as a repeat finding, and the condition remains open as the date of this Management Letter. Management did not remediate the identified deficiency in a timely manner.

This condition occurred because management did not update or document internal control responsibilities to evidence periodic and ongoing assessment for continued relevance and effectiveness of the NARA entity-wide travel policy.

Federal internal control standards state that, *"Management documents in policies and procedures for each unit within the entity's organizational structure its responsibility for a business process's objectives and related risks and control activity design, implementation, and operating effectiveness... Management reviews policies, procedures, and related control activities on a periodic and ongoing basis for continued relevance and effectiveness in achieving the entity's objectives or mitigating related risks."*<sup>5</sup> The standard further note that, *"Management completes and documents corrective actions to remediate internal control deficiencies... timely basis."*<sup>6</sup>

Without timely updates to the travel policy and associated procedures, there is an increased risk that employees may rely on outdated guidance when processing travel transactions, which could result in errors.

Therefore, we recommend the Chief Financial Officer:

1. Update the travel policy and continue efforts to ensure that all written policies and procedures are reviewed and revised in a timely manner.

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<sup>5</sup> U.S. Government Accountability Office (GAO), *Standards for Internal Control in the Federal Government* (Green Book), Principle 12.03 and 12.05.

<sup>6</sup> GAO Green Book, Principle 17.06.