
FOREWORD

In the current budget climate, Federal agencies must maximize the value of every dollar they receive. National Archives and Records Administration (NARA) staff have responded, and they are indeed doing more with less. Stories abound about NARA staff going above and beyond to deliver excellent service to all of NARA's stakeholders. Notwithstanding these incredible personal efforts, if NARA is to accomplish its mission, management must address the agency's continued weaknesses in internal controls.

Internal controls are essential for government organizations to operate efficiently and effectively. This tried-and-true adage has been proven true time and time again across all levels of government. As the Federal budget situation becomes increasingly constrained, internal controls only gain importance. In the Foreword to our last Semiannual Report to Congress, I addressed NARA's lack of effective internal controls, stating "It is past time for NARA to devote the efforts necessary to address this ongoing deficiency." Six months later, some offices have made strides, but NARA must make additional efforts agency-wide.

However, the outlook is improving. Senior leadership is beginning to embrace internal controls and acknowledge their importance. This is a welcome development, but is akin to turning the rudder on a large ship; it needs to be held for a long time before the vessel's direction actually changes. The Archivist has the ability to make such a course correction for the agency. Indeed, it appears he is trying to do so.

It must be emphasized that once NARA fully embraces internal controls, the work is not over, even after they are designed and implemented. An internal control is a process, a means to an end, not an end in and of itself. Once implemented, it must be monitored, evaluated and adapted to provide the best results. This is how an effective internal control program truly provides unparalleled value to an organization, through continuous improvement. Through our services, including auditing and investigating, we will give NARA the information needed to evaluate the effectiveness of its internal control program. In the end, if NARA dedicates the resources necessary to implementing an effective internal control program, agency operations will improve, and together we will reduce fraud, waste and abuse.

As with many Federal offices, the current fiscal situation continues to have a major impact on the Office of Inspector General (OIG). Funding levels directly affect our staffing levels, and thus affects the work we are able to address. Regardless of these difficulties, I know the hardworking men and women of the OIG will persevere. The dedication and professionalism I see every day in this office makes me proud and inspires me to live up to the standards they set. Additionally, I appreciate the cooperation and support NARA has shown for the OIG mission, and their commitment to working with the OIG to improve NARA through effective oversight.



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

This is the 50th 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 NARA's Information Technology (IT) systems, including the 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)

- **Electronic Records Archive (ERA) System's Ability to Ingest Records.** Federal agencies were not using the Base ERA System as envisioned, and the system could not effectively ingest all electronic records. Despite NARA guidance for agencies to use Base ERA, a high percentage of agencies have not performed any work in Base ERA. Additionally, Base ERA's usefulness is limited by performance issues. (OIG Audit Report #13-11, dated September 19, 2013. See page 11.)
- **NARA's Data Backup Operations.** With the exception of ERA, there were regular, successful data backups on the systems reviewed. A full backup for one ERA instance had not been accomplished since May 2011. However, security control weaknesses jeopardized NARA's ability to sufficiently protect the confidentiality, integrity, and availability of data backups. A cost savings of \$31,900 was also identified. The payments made for offsite storage of backup tapes were referred for review to determine if NARA's procurement process as well as Federal laws and regulations were violated. (OIG Audit Report #13-09, dated July 09, 2013. See page 12.)
- **NARA's Intrusion Detection and Prevention Systems (IDPSs) and Incident Response.** In general, it appears NARA's IDPSs operate effectively, and incidents are appropriately handled. However, opportunities for improvement exist in areas including: (a) logical security and configuration of the host intrusion prevention system; (b) contract management and monitoring; (c) incident response and reporting to the United States Computer Emergency Readiness Team (US-CERT); and (d) physical security of the host intrusion prevention servers. (OIG Audit Report #13-12, dated September 10, 2013. See page 13.)

Programs and Operations

- **NARA's Preservation Program.** Deficiencies in the Preservation Program significantly affect NARA's ability to fulfill its mission of safeguarding and preserving Federal records. Although some improvements have been made since a previous audit, Preservation remains a material weakness. Records remain at risk of loss and

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deterioration, thereby risking availability for access and use by future generations. (OIG Audit Report #13-08, dated July 09, 2013. See page 13.)

- **NARA’s Archival Facilities.** Several archival facilities may not be in compliance with NARA’s Archival Storage Standards. As a result, inadequate record storage environments could lead to premature deterioration of records. (Audit Memorandum #13-10, dated July 19, 2013. See page 14.)
- **NARA’s Processing Program.** Processing involves all the steps needed to open a record to the public, approximately 40% of NARA’s textual holdings have not been processed. This persistent processing backlog places records at risk, increases the time for reference requests, and impairs the agency’s ability to describe the records online, and may be limiting the access to records. Although NARA has made significant strides in reducing the backlog, additional effort is needed to reduce the material weakness. (OIG Audit Report #13-14, dated September 18, 2013. See page 14.)
- **Handling of Paper-Based Disclosure of Personally Identifiable Information (PII).** Current practices at the National Personnel Records Center occasionally result in the improper release of PII. A lack of sufficient management controls on handling these releases, may result in inappropriate use of information by unauthorized individuals. (OIG Audit Memorandum 13-15, dated September 25, 2013, See page 15.)

Management Issues

- **The Management Control Environment over Archival Operations at the National Archives at San Bruno, CA Needs to be Urgently Addressed.** Serious management control weaknesses at the National Archives at San Bruno, CA (RW-SB) put NARA records at risk of loss. Specifically, archival operations at RW-SB were in dire straits. While researchers are consistently provided extensive personal service; the accessioning, processing, and maintenance of records runs “on desperation and panic.” The facility lacks policies and procedures for basic operations, and lacks the organizational structure needed to sustain operations. Currently RW-SB operations are primarily dependent on the personal experience and knowledge of select staff. There are no continuity plans, and should these employees be unavailable for work it would severely impact RW-SB’s ability to locate and serve records. In our opinion, due to the management control weaknesses identified, RW-SB may not have appropriate physical or intellectual control over NARA’s holdings. (OIG Management Letter #13-13, dated July 9, 2013.)

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Investigations

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

- The OI facilitated the return of 6,466 documents to repositories across the country.
- The Archival Recovery Team (ART) recovered a Federal record authored by Major General George Custer that had been listed on the Missing Documents list.
- ART assisted NARA in recovering 18,163 photographs documenting implementation of the Marshall Plan in France.
- The OI visited a Presidential library to assess its archival security in the wake of a theft from the facility. Several issues were discovered and reported to NARA management.
- The OI visited four NARA facilities to assess the researcher registration procedures used. The OIG issued a report detailing the conditions discovered, and proposing suggestions to improve the program.
- The Department of Justice (DoJ) filed information on two former NARA employees for destruction of Federal property.

The OI opened 10 investigations and 25 complaints for preliminary investigation, while closing 13 investigations and 24 complaints. At the end of this reporting period, the OI had 15 ongoing investigations and 7 complaints. The OI referred two assessments to NARA management for information or appropriate action. Fifty-five percent of the ongoing investigations and complaints involve the potential alienation of NARA holdings. This number reflects continuing OI efforts to identify and investigate lost, missing, and stolen NARA holdings. The DoJ continues to work with the OI on investigations, including allegations of theft and destruction of Federal records.

INTRODUCTION

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 225 years. They are great in number, diverse in character, and rich in information. NARA's traditional holdings amount to 4.6 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 approximately 521 terabytes of electronic records. The number of records born and stored solely in the electronic world will only continue to grow, thus NARA developed the Electronic Record Archives to attempt 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 2013, NARA had 40.8 million online visits in addition to hosting 3.2 million traditional museum visitors, all while responding to approximately 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. With the mandatory spending cuts under sequestration, NARA was funded at approximately \$371 million for FY 2013. With approximately 3,023 (estimated) Full-time Equivalents (FTEs), NARA operates 46 facilities nationwide. As a cost savings measure, NARA has implemented a hiring freeze since November 2011. At the end of FY 2012, the hiring freeze had resulted in 213 fewer full-time employees actually working.

INTRODUCTION

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 our mission 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. However, mandatory spending cuts under sequestration left the OIG's FY 2013 budget at approximately \$3.9 million. This has affected our ability to fully staff the office. Currently the OIG has 19 FTEs on board, including one Inspector General, one support staff, nine FTEs devoted to audits, seven FTEs devoted to investigations, and a counsel to the Inspector General.

Further, a continuing concern is the OIG would lack funding to investigate an incident outside of Washington, DC, at the end of the fiscal year. We feel it would not be prudent to ask for increased 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 in such a circumstance. However, NARA management does not support our position and states they will not request such a transfer provision.

ACTIVITIES

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, and OIG counsel was involved in drafting the Committee's comments to Congress on multiple pieces of pending legislation. 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.

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 affecting the OIG investigations community.

Investigations Committee Program Fraud Civil Relief Act Working Group

As a member of the Investigations Committee Program Fraud Civil Relief Act (PFCRA) working group the OIG counsel continued to contribute to promoting the use of PFCRA throughout the IG community. This included drafting part of a PFCRA manual for IG-wide use.

Council of Counsels to Inspectors General (CCIG)

The OIG counsel continues to be an active member of the CCIG. The CCIG provides a rich environment wherein legal issues can be raised and interpretations can be presented and reviewed with an experienced network of OIG lawyers. OIG counsel also mentored a new attorney at a large OIG who had no previous IG experience.

CIGIE Training Institute

The OIG counsel continued to work with the CIGIE Training Institute to develop and teach the IG Authorities course.

Whistleblower Ombuds Working Group (WOWG)

In accordance with the spirit of the Whistleblower Protection Enhancement Act of 2013, the OIG is forming a whistleblower ombuds program, and is working with the WOWG to learn best practices and implement an effective training program.

ACTIVITIES

Management Assistance and Other Work

- Provided comment and input into several NARA directives and regulations covering a variety of topics. This included NARA's Domestic Violence Policy; NARA 396, NARA's Anti-Harassment Program; NARA 1604, Denying or Revoking Researcher Privileges, Banishment of Researchers, and Appeals; NARA 108, Information Collections; and others.
- Assisted NARA and provided guidance to implementing new whistleblower protections afforded by Presidential Policy Directive 19.
- Reviewed and updated NARA 190, Office of Inspector General – Investigations.
- Responded to multiple requests for OIG records under the Freedom of Information Act (FOIA), and coordinated with the Department of Justice (DoJ) on FOIA requests pertaining to joint work between the DoJ and NARA.
- Reviewed legislative and OMB proposals and provided feedback to appropriate entities, and reviewed newly passed legislation for its affect on NARA and the NARA OIG.

Peer Review Information

Peer Review of NARA OIG's Audit Organization

The NARA OIG audit function was last peer reviewed by the Federal Communications Commission (FCC) OIG in accordance with the Government Accountability Office's *Government Auditing Standards* (GAS) and CIGIE guidelines. 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 to begin in October 2013, and will be performed by the Federal Deposit Insurance Corporation OIG.

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

Response to Congressional Items

Information on Open and Unimplemented Audit Recommendations

The House Oversight and Government Reform Committee requested, and was provided with, information regarding the open and unimplemented audit recommendations. At the time there were 312 open and unimplemented recommendations representing \$9,059,262 in cumulative estimated annual cost savings. Further information was provided on specific recommendations.

Information NARA Facilities

The OIG provided information on NARA facilities in response to a Congressional request.

Reducing Over-Classification Act Evaluation

The Reducing Over-Classification Act (P. L. 111-258) mandates Inspectors General of Federal entities with an officer or employee who is authorized to make original classifications to (A) assess whether applicable classification policies, procedures, rules, and regulations have been adopted, followed, and effectively administered within such department, agency, or component; and (B) identify policies, procedures, rules, regulations or management practices that may be contributing to persistent misclassification of material.

The Director of the Information Security Oversight Office (ISOO) is designated with original classification authority. ISOO, an administrative component of NARA, is responsible to the President for policy oversight of the Government-wide security classification system and the National Industrial Security Program. The ISOO Director has responsibility for classification determinations in instances when there is an exceptional need to classify information but an agency with appropriate subject matter interest and classification authority cannot be readily determined. The ISOO Director has never used this authority.

Our limited evaluation found the ISOO Director does not have a classification guide due to the lack of instances of this type of special classification. However, ISOO develops security classification policies for the Government, and evaluates the effectiveness of the security classification programs established by Federal agencies. ISOO indicated it would follow the policies found in Executive Order 13526, Part 1 and 32 CFR, Part 2001, Subparts B and C. guidance, if needed.

Inventory of Commercial Activities

We submitted to OMB our FY 2013 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

Audit Overview

This period, we issued:

- five final audit reports;
- two audit memorandums¹; and
- one management letter.²

We completed fieldwork on audits of:

- Management and Oversight of NARA's Energy Savings Performance Contracts, to determine whether these contracts were properly managed and effectively overseen; and
- Use of Presidential Library Facilities by Outside Organizations, to determine whether NARA is adhering to governing NARA policy, and applicable federal laws and regulations.

We initiated or continued work on audits of:

- Selected Aspects of NARA's Digitization Program, to determine whether management controls adequately address agency and customer needs, and ensure greater access to NARA holdings;
- NARA's Rental Payments to Federal Agencies, to determine if rental payments to federal agencies other than to GSA are appropriate; the interagency agreements are in NARA's best interest; and NARA is receiving services in accordance with the agreement;
- NARA's Wireless Network, to assess the policies, implementation and security of NARA's wireless network;
- Specially Protected Records (SPRs), to determine whether offices are protecting, controlling, handling, and accounting for SPRs in accordance with NARA guidance; and
- NARA's Capital Planning and Investment Control (CPIC) Process, to determine whether NARA's CPIC process and procedures adhere to governing NARA policy and applicable Federal laws and regulations.

¹ An audit memorandum is used when an audit is performed and there are either no findings or the findings are insignificant.

² Management letters are used to address issues which need to be quickly brought to the Archivist's or management's attention.

AUDITS

Audit Summaries

Electronic Records Archive System's Ability to Ingest Records

We found Federal agencies were not using the Base ERA System³ as envisioned, and the system lacked the ability to effectively “ingest” all electronic records. Ingest is the process of bringing electronic records into the ERA System, including the physical transfer of electronic records into ERA. NARA has been developing, testing, and refining the ERA System since 2005, with a development cost over \$390 million. The estimated annual cost to operate and maintain the ERA System is approximately \$30 million.

NARA Bulletin 2012-03, issued August 21, 2012, informed Federal agencies that as of October 1, 2012, NARA will use ERA for scheduling records and transferring permanent records. Despite NARA's guidance, a high percentage of agencies have not performed any work in Base ERA. As of May 1, 2013 266 agencies received Base ERA training. Of these 266 agencies, 52% have never performed work in Base ERA, and only 84 have electronic records ingested into Base ERA. Further, despite NARA's intent for all agencies to perform the ingest function for themselves online, only four have done so. The remaining 80 agencies relied on NARA to ingest electronic records on their behalf. Through March 2013, only 5.2 TB of electronic records had been transferred into Base ERA. Of this, Federal agencies initiated ingest of only 3.2 TB. The remaining electronic records came from NARA's Legacy Archival Preservation System.

When asked about this situation a NARA official stated NARA processing archivists are directing agencies not to ingest records themselves online, because agencies typically do not create well-structured, well-understood, “clean” records. This official said the agencies that have not done any work are mostly small agencies and commissions. Such agencies usually do not frequently schedule records or transfer permanent records, and only interact with NARA once every few years or longer. Federal agencies provided several reasons for not transferring electronic records into Base ERA by themselves online. The reasons included: not being ready to do so, comfort allowing NARA to ingest records on their behalf, following the guidance of NARA, having no applicable data to ingest, having records with security issues, and experiencing issues with Base ERA. However, NARA management stated many agencies should have better records management programs and should be working more frequently with NARA to increase usage of Base ERA.

Additionally, Base ERA's usefulness is limited by performance problems when ingesting large amounts of data. When using the Internet to transfer records, packages or shipments of files with a size of 1GB (and sometimes less) fail to transfer from agency sites to the Base ERA ingest staging area. The system also fails when a user attempts to ship a package containing 10,000 or more files. Lastly, transfer requests (which may contain multiple packages) fail if the number of files/folders associated with the transfer request approaches or exceeds 100,000 files. NARA believes system design limitations may be the cause of some of these weaknesses, but the actual cause for all of them is not known.

³ The ERA System has been developed as a conglomeration of subsystems or “instances.” The Base ERA System, or “Instance,” is the system to archive nonclassified records of Federal agencies. Other ERA subsystems archive records from other entities, such as Presidential Records, or single large data sets, such as the 2012 Federal Census.

AUDITS

As a result, the system is of limited use to NARA and other Federal agencies. For example, over 30 TB of data is in the ingest staging area because the size of these files prevent them from being processed through Base ERA. Since this data has not gone through the ERA System, it is not being preserved, and is not searchable within ERA.

The system's deficiencies must to be addressed for NARA and Federal agencies to use it as effectively and efficiently as envisioned. If not addressed, these issues could worsen considerably in future years as data volumes are expected to increase significantly. An outside entity reported Federal agencies currently store an estimated 1.6 petabytes of data, and this is projected to increase to 2.6 petabytes within the next two years. Further, NARA officials need to begin planning for an increase in the size of files as well as the volume of data.

We made three recommendations to enhance the system's usefulness to NARA and other Federal agencies. Management concurred with all three recommendations. (OIG Audit Report #13-11, dated September 19, 2013.)

NARA's Data Backup Operations

Overall, with the exception of the ERA, successful backups were accomplished on a regular basis for the systems reviewed. However, security control weaknesses were identified. Our review focused on whether NARA had documented plans and procedures for backing up data, whether backups were occurring on a regular basis, whether backups were tested to verify media reliability and information integrity, and whether the backup copies of the operating system and other critical information system software were stored in a separate facility from the operational software.

While, generally, NARA was making regular successful backups, it had not produced a full backup for one instance of the ERA system since May 2011. Further, security control weaknesses existed within NARA's data backup operations which jeopardized NARA's ability to sufficiently protect the confidentiality, integrity, and availability of data backups. For example, backup tapes containing Personally Identifiable Information (PII) were not encrypted to protect the information while stored offsite; backups were not regularly tested to ensure data could be restored in usable form; and backup media was not rotated offsite each week as prescribed.

We also found an opportunity for cost savings related to off-site data tape storage. NARA decreased the number of tapes and other storage media stored offsite, but did not return the excess containers to the contractor. Thus NARA continued to pay for these containers. Over the last seven years, NARA has spent about \$31,900 that could have been put to better use. By reviewing and reducing the number of containers kept in the rotation for offsite storage, NARA could significantly reduce the cost of this service. In general, the payments made for offsite storage of backup tapes need further review to determine if NARA violated its procurement process as well as Federal laws and regulations. In addition, the payment for offsite storage costs may have been improper, and if so, NARA has paid approximately \$48,712 over the last four years that could have been put to better use.

AUDITS

We made 11 recommendations intended to strengthen the management, accountability, and oversight of the data backup and recovery processes at NARA. Management concurred with all 11 recommendations. (OIG Audit Report #13-09, dated July 9, 2013.)

NARA's Intrusion Detection and Prevention Systems (IDPS) and Incident Response

Intrusion detection and prevention systems (IDPSs) detect, monitor, analyze, and prevent possible malicious activity occurring in computer systems or a network. Incident response is a process to analyze and resolve an incident to minimize adverse effects. We audited NARA's IDPSs and computer security incident response process to determine whether: (1) NARA's IDPSs had been properly implemented and are operating effectively; (2) appropriate logical and physical security, and environmental protection controls are in place, and; (3) NARA's computer security incident response process is effective and efficient, including whether incident response staff are adequately trained.

In general, it appeared NARA's IDPSs were operating effectively, and incidents were handled appropriately. However, we identified opportunities for improvement. First, an excessive number of privileged user accounts existed on NARA's centralized host-based intrusion prevention system and anti-virus management application, and the password policy was not systematically enforced. This may result in abuse or unauthorized use of the accounts, possibly causing undesirable changes to the system and data. Further, NARA's poor oversight on its Trusted Internet Connections contractor resulted in unmet service-level agreements going undetected and lost service credits. Additionally, although network attacks evolve over time, there is no process at NARA to ensure NARA's Computer Incident Response Team receives internal or external training to remain up to date. Also, the incident handling process was not always monitored and supervised properly, causing delayed resolution and reporting of incidents. Finally, we identified opportunities to improve physical security controls at NARA's computer room at Archives II.

We made a total of 18 recommendations to enhance NARA's ability to secure its IDPS devices and respond to computer security incidents effectively upon implementation. Management concurred with all 18 recommendations (OIG Audit Report #13-12, dated September 10, 2013.)

NARA's Preservation Program

We assessed whether NARA's Preservation Program was still a material weakness. The program was first identified as a material weakness seven years ago in the *Evaluation of NARA's Preservation Program* (OIG Report 05-13, dated June 2005). We also assessed whether program controls were adequate to meet the mission of preserving Federal records. Based on the deficiencies identified, we determined the Preservation Program should remain a material weakness. Although the audit revealed some improvements were made to the program, the new deficiencies noted significantly affect NARA's ability to fulfill its mission of safeguarding and preserving essential and important records of our Federal Government. Additionally, as a result of these deficiencies, records remain at risk of loss and deterioration, thereby risking availability for access and use by future generations.

AUDITS

Specifically, we found:

- Management has not implemented a comprehensive and cohesive strategy for addressing NARA's Preservation Program weaknesses. It is difficult to manage the wealth of existing preservation information essential for decision-making without this strategy.
- There continues to be a large and persistent backlog of records requiring preservation actions and a lack of dedicated resources to address those actions.
- While NARA has implemented a more robust risk assessment process for identifying needed preservation actions, the agency lacks the ability to fully integrate and transform this data into meaningful information for effective decision making.

We made six recommendations to assist NARA in its efforts to implement a risk based approach for managing the Preservation Program. Management concurred with all six recommendations (OIG Audit Report #13-08, dated July 9, 2013.)

NARA's Archival Facilities

This was the second report related to NARA's Preservation Program. We found some archival facilities may not be in compliance with Archival Storage Standards, which establish structural, environmental control, fire safety, preservation, and security standards. Until all archival facilities can comply, records maintained at the facilities are at risk for premature deterioration because of inadequate records storage environments and harmful contaminants.

The Chief Operating Officer will take the lead in completing a comprehensive review of the Archival Storage Standards, identifying an accurate listing of noncompliant facilities, and developing an action plan. (OIG Audit Memorandum #13-10, dated July 19, 2013.)

NARA's Processing Program

This audit sought to assess the process of making archival records available to the public, and to determine whether the processing of textual records continues to be a material weakness. We found several issues, and determined the processing program continues to be a material weakness.

Our 2007 audit revealed NARA was constrained in its ability to provide efficient and effective access to its holdings, and was not adequately meeting the mission of ensuring public access to records as soon as legally possible, resulting in a material weakness in the processing program. At that time, the backlog of unprocessed records was approximately 70% of NARA's textual holdings. NARA has made progress, and as of the end of FY 2012, NARA's processing backlog was approximately 40%. However, NARA will not meet its current strategic goal of being 95% processed by FY2016. While there is an agency-wide processing goal, each Research Services field location and each Presidential library has operated in silos when determining how to decrease its individual backlog and to meet the overall agency goal. No one office currently provides oversight for the processing program. We also found the following:

- Offices have different definitions of what constitutes processing, and an overall agency policy guiding processing decisions had never been created.
- Some Research Services field locations did not have a plan in place for reducing their processing backlogs, or the plan in place was not adequate.

AUDITS

- NARA has been serving unprocessed records to researchers. Providing access to unprocessed records could result in the unintentional disclosure of protected data or personally identifiable information (PII).
- Staff is not effectively organized and assigned to reduce the current backlog.
- The processing backlog at the Presidential Libraries has remained stagnant since measures were established in 2008. In addition, no performance measure exists for accurately tracking processing workloads and backlogs for the Presidential Libraries' electronic records (representing hundreds of millions of logical data records).
- Inaccurate processing data had been reported in the Performance Measurement Reporting System for two offices.
- Documented processing procedures either did not exist or were outdated.

We made eight recommendations intended to strengthen NARA's processing program. Management concurred with each of the recommendations included in the report. (OIG Audit Report #13-14, dated September 18, 2013.)

Handling of Paper-Based Disclosure of Personally Identifiable Information

As part of our audit on NARA's Intrusion Detection and Prevention Systems (IDPS) and Incident Response (discussed on page 13), we also reviewed non-electronic, paper-based incidents of disclosure of personally identifiable information (PII). The National Personnel Records Center (NPRC) in St. Louis and Valmeyer, MO, processes high numbers of requests for military and civilian personnel records. Disclosures of PII occur when a requestor receives a document belonging to another person, or the document included PII of others without proper redaction. Many recipients of the PII return the documents when they file a complaint regarding the incorrect documents, agree to return the documents to NPRC, dispose of the documents prior to filing a complaint, or agree to shred the documents in lieu of returning them to NPRC.

However, NARA does not have a mechanism to match the incorrect documents returned by the recipients to the complaints filed. The lack of a mechanism to ensure receipt of documents agreed to be returned may result in inappropriate use of the information by unauthorized individuals. We made two additional recommendations in order to better protect PII and minimize the possible adverse impact of a paper-based PII disclosure. Management concurred with both recommendations (Audit Report #13-15, dated September 25, 2013).

INVESTIGATIONS

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 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 investigations. General investigations encompass the entire spectrum of criminal and administrative investigations, including such topics as procurement fraud, employee misconduct, and cyber crimes. Archival recovery 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 six 1811 series criminal investigators and an Investigative Archivist. The OI is based in the National Archives in College Park, MD (Archives II) 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, the Investigative Archivist routinely coordinates efforts with the Holdings Protection Team, a NARA Security Services unit charged with proactively protecting and securing NARA holdings. We also liaise with the Department of Justice (DoJ), the OIG community, and other law enforcement agencies and organizations.

Investigative Initiatives

The OI conducts Investigative Initiatives to proactively identify and test vulnerabilities in NARA programs and operations, and address other OIG concerns. As part of this program, the OI periodically assesses the agency's vulnerability to fraud, archival theft, and loss of sensitive electronic data. These assessments may also be undertaken to review such things as employee conflicts of interest, systemic weaknesses in operations and controls, incident responses taken by NARA, and other administrative and criminal topics. Assessments are limited in scope to quickly identify relevant information and transmit it to NARA management for appropriate consideration or action.

This period, the OI conducted two assessments. The first was a review of archival security at a Presidential library that had been the victim of researcher theft. The second was a review of researcher registration procedures used at four NARA facilities. The OI issued separate reports for each assessment to NARA management, and responses are pending.

The OI also collects information and documents general investigative activity in Intelligence Files to improve our own efficiency and enhance the OI's operational knowledge of NARA programs, operations and facilities. This period, the OI closed Intelligence Files related to archival recovery, information security and computer crimes.

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Overall Activity Summary

At the end of the last reporting period, 18 investigations were open. During this reporting period, 10 investigations were opened, and 13 were closed. Two of the closed investigations were referred to NARA for action. At the end of this reporting period, 15 investigations were open.

General Investigations

Updates on Previously Reported General Investigations

Former NARA Employee Guilty of Copyright Infringement

The OI identified five NARA employees who may have knowingly purchased pirated materials from a former NARA employee who pleaded guilty to criminal copyright infringement. The OI referred the results to NARA management for consideration of administrative action.

Removal and Destruction of Records

The DoJ filed information on two former NARA employees for destruction of Federal records at the National Personnel Records Center in St. Louis, MO. The former employees are alleged to have removed and destroyed military personnel records.

Potential for Procurement Fraud in Equipment Acquisition

The OI closed an investigation into concerns of fraud and mismanagement in an acquisition for equipment at multiple NARA facilities. The OI did not find any evidence of fraud, and agency management is working to improve NARA's administration of this recurrent procurement.

Child Pornography Allegations

NARA management took administrative action against an employee based in part on an OI referral of an investigation into allegations the employee accessed child pornography.

Potential Transportation Benefit Fraud

The OI continues to investigate potential transportation benefit fraud. The case was initiated based on a referral from the Office of Audit.

New General Investigation Highlights

Fire at the John F. Kennedy Library and Museum

The OI assisted the Boston Fire and Police Departments in investigating the cause of a fire at the John F. Kennedy Library and Museum. Although the fire occurred the same day as the Boston Marathon bombing, the Boston Fire Department found the fire was accidental.

Allegations of Fraud

The OI continues to investigate allegations a private entity did not comply with elements of a cooperative agreement.

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Threatening Behavior by a NARA Employee

The OI continues to investigate allegations a NARA employee made threatening comments to a NARA manager.

Theft of Funds from a Presidential Library

The OI continued work jointly with local enforcement to investigate allegations a former NARA employee stole funds from a Presidential Library.

Archival Recovery Team (ART) Activity

ART is a concept that embodies the OI's focus on recovering alienated Federal records. ART is the teaming of agents with the expertise of an Investigative Archivist. These teams often work 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.

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 the 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.

If ART receives allegations a record or item was alienated, our Investigative Archivist helps establish 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 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 Northern Virginia Relic Hunters Association Civil War Show in Fredericksburg, VA, and the Gettysburg Civil War Collectors show in Gettysburg, PA.

ART maintains a Facebook page updating the public about upcoming shows and ART happenings, along with other newsworthy items about document thefts, investigations, and

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recoveries at NARA and other institutions worldwide. Visit the site at <http://www.facebook.com/archivalrecoveryteam>.

In this reporting period, ART also relied upon a NARA volunteer to search an internet auction site for federal documents. Finally, ART reviews NARA holdings, identifying items at risk for theft and making recommendations to NARA about what records should be restricted or protected.

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. During this period, ART received twelve complaints from the public and NARA staff about Federal items for sale through online auction sites. ART's Missing Documents email also received ten inquiries this period.

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

Updates on Previously Reported ART Investigations

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 stole materials from numerous museums and other institutions, including seven reading copies of Presidential speeches from the Franklin D. Roosevelt Library. Both subjects are currently incarcerated in Federal prisons. This period, the OI transferred 9 items to the Franklin D. Roosevelt Library and Museum and 46 items to the Herbert Hoover Presidential Library and Museum. The OI also transferred 148 items to another Federal agency, and 6,263 documents and artifacts to 11 private and public repositories throughout the country.

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. The inventory is still progressing, and the OI will re-open or close final this investigation once the inventory resolution efforts are complete and we have been briefed on the results.

Document Signed by Revolutionary War General

ART had previously discovered a document signed by Revolutionary War General Peter Muhlenberg for sale. The document is consistent with holdings at the NARA Mid-Atlantic region. ART previously referred this document to management for recovery, but additional

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investigation is now necessary to determine to whom the document was sold. The investigation is ongoing.

Recovery of a U.S. Army Continental Command Record

ART recovered a Weekly Station & Effective Force Report for the 2nd Cavalry Division, dated October 2, 1865 and authored by Major General George Custer. The report had been listed on the Missing Documents webpage, and an investigation is ongoing.

New ART Investigative Highlights

Recovery of Marshall Plan Photographs

As a result of an OI investigation, NARA successfully recovered 18,163 photographs depicting implementation of the Marshall Plan in France. The OI observed and assessed the activities of a team of NARA employees who collected, examined, packaged and prepared the photographs for transport from Paris, France, to College Park, MD.

Presidential Pardons

The OI initiated an investigation involving two Presidential pardons: one has been listed on the Missing Documents list, and the other may also have been alienated from NARA holdings.

Missing Historical WWII Movies

The OI continues investigating allegations historical WWII movies are missing from the National Archives in College Park, MD (Archives II).

Referrals for Potential Donation

This reporting period, the OI referred to NARA's General Counsel (NGC) three potential donations of historical documents. The referrals concerned U.S. Army records from the Vietnam War, records of Admiral Richard Byrd, and WWII war crimes trial transcripts.

Referrals for Recovery of Alienated Documents

The following referrals either remained ongoing, or were acted on during this reporting period.

- **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 coordination is ongoing.
- **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.

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- 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. NARA management is considering recovery.
- Historic Letter for Sale
ART found a letter for sale believed to have been alienated from NARA holdings. The letter is dated May 12, 1861 and concerns troops being fired upon by a mob in St. Louis, MO. NARA management is considering recovery.
- Records of the U.S. Coast Guard
Historical records related to Coast Guard activities in Philadelphia during World War II were sold online. These records are consistent with those held in the Mid-Atlantic Region, and NARA management is considering recovery.
- Department of Interior Photographs
Photographic negatives commissioned by the U.S. Department of Interior were donated to a public university. NARA management is considering recovery.
- Classified Documents in Personal Papers
Classified documents were found among personal papers donated to a public university. Presidential library staff members are reviewing the documents for declassification and to identify any which should be among NARA's holdings.

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 the NARA OIG or other law enforcement agencies working with us. Digital evidence forensic support services can include, among other things, computer forensic examinations on seized digital media, 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 1811 series computer crimes investigator.

During this reporting period, the CCU was re-established after having a vacancy in the unit. During this time, the CCU completed forensic examinations in support of several criminal investigations related to copyright fraud, threats against NARA employees, and other instances of employee misconduct. The CCU also established a working relationship with the NARA Inappropriate Use Working Group (IUWG). As a result of this working relationship, the CCU opened three employee misconduct investigations during the reporting period into allegations of NARA computer misuse. The investigations are ongoing. Finally, the CCU continues to proactively address cyber threats to the agency, and work with agency stakeholders to help improve the security of NARA computer systems and employees.

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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
- **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	25
Complaints closed pending response from NARA	0
Complaints closed final	18
Complaints open to Investigations	6

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>.

SIGNIFICANT DISAGREEMENTS

Significant Disagreements with Management Decisions

Under the IG Act, as amended, the OIG reports “information concerning any significant management decision with which the Inspector General is in disagreement.” The following disagreements were first reported in our last Semi-Annual Report to Congress. However, as nothing has changed in this reporting period, they remain an issue. We hope to provide an update in our next Semiannual Report to Congress.

In October 2012, we reviewed NARA’s FY 2012 Draft Federal Manager’s Financial Integrity Act (FMFIA) statement. We disagreed with the assurance statement for Section 2 of the FMFIA reporting requirements because the agency had not implemented an entity-wide internal control program (ICP). Without an ICP the agency is not able to identify all of the existing risks and potential material weaknesses across the agency. Until NARA implements an ICP it will continue to underreport material risks related to NARA programs. Additionally, we believe the FY 2012 agency assurance statement underreported material weaknesses and did not accurately reflect the breadth of risks in NARA’s Processing, Electronic Records Management, and Information Security Programs.

NARA’s Processing Programs

NARA’s FY 2012 assurance statement downgraded the Processing Program from a material weakness to a reportable condition. NARA made this decision based on the current state of Federal records processing, the strides the agency has made in the last six years, and the current focus on reengineering processing work. Although the agency has made progress in processing records by reducing the backlog to 40% of NARA’s holdings, we believe the agency should continue to identify the program as a material weakness.

We base this decision on the following:

- In September 2012 Processing Program management reported to the Management Control Oversight Council (MCOC) that the large backlog of unprocessed traditional records impedes NARA’s ability to provide efficient and effective access and impacts NARA’s mission. Additionally, they raised a new concern in FY 2012 regarding serving unprocessed records (or inadequately processed records) to researchers which could result in the unintentional disclosure of restricted or controlled information (e.g. law enforcement, PII, or other restricted information).
- Preliminary findings from our current Audit of NARA’s Processing Program indicate work remains to be done and additional controls need to be put in place to address the backlogs. Some of those preliminary findings are:
 - (1) While various studies have been conducted and are still ongoing, management is not firm and confusion exists on the current definition of processing and what procedures actually constitute processing of records at NARA.
 - (2) There is a lack of coordination between the Regions, Libraries, and Research Services as there is no one group providing oversight over the Processing Program. While there is an agency-wide processing goal, the individual areas (Research Services,

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- Regions, and Libraries) are operating in silos regarding plans on how to decrease their individual backlogs and meet the overall agency goal.
- (3) Some Regions are still using old guidance and processing plans from 2008 to process their backlog. These processing plans have not been revised to reflect each Region's varying levels of backlog and resource availability.

Until these factors are addressed, NARA's ability to meet its mission will be affected.

NARA's Electronic Records Management Program

NARA's FY 2012 assurance statement reported the Electronic Records Management program as a control deficiency instead of a material weakness. This decision was predicated on the issuance of Presidential Records Management Directive and OMB M-12-18, which is an Executive Branch-wide effort to reform records management policies and practices and to develop a 21st-century framework for the management of Government records. As a result of the directive, the Office of Chief Records Officer (CRO) has stood up a project management team to carry out implementation and oversight of the activities contained in the directive.

Management believes the activities in OMB M-12-18 will serve to guide the development of the CRO's operational plans for years to come, and serve as an action plan against which NARA can monitor and assess progress. However, the directive does not mitigate the existing risks outlined in our 2010 audit report, OIG #10-04, *NARA's Oversight of Electronic Records Management in the Federal Government*. The report found NARA did not have adequate controls in place to protect permanent Federal electronic records from loss. Specifically, we reported NARA could not reasonably ensure permanent electronic records are being adequately identified, maintained, and transferred to NARA in accordance with Federal regulations. Until sufficient controls are implemented to minimize these risks, NARA should classify this as a material weakness.

NARA's Information Security Program

The Information Security Program was reframed by management in FY 2012 as a material weakness consisting of the risks posed by the need to improve controls over resolving, responding to, tracking, and closing recommendations in a systematic, consistent, and timely manner. Management's assessment does not represent the true material weakness. Actions taken to rank open recommendations by risk level, and to develop metrics to track how Information Services is managing recommendations, will not be sufficient to correct the underlying problems continuing to plague NARA's Information Security Program. Until defined roles and responsibilities, continuous monitoring of internal controls and repeatable processes are put in place, the program will continue to be a material weakness.

Further, OIG, GAO, and NARA internally contracted studies continue to identify information security areas where policies or procedures are needed or where management needs to implement existing policies and procedures. Management has made some progress in establishing IT security policies. However, documented procedures developed from those policies are needed. Once policies and procedures are in place, NARA can begin to implement those policies and procedures and ensure they are being followed by testing the implementation.

TOP TEN MANAGEMENT CHALLENGES

Overview

Under the authority of the Inspector General Act, the NARA OIG conducts and supervises independent audits, investigations, and other reviews to promote economy, efficiency, and effectiveness; and to prevent and detect fraud, waste, and mismanagement. To fulfill our mission and help NARA achieve its strategic goals, we have aligned our programs to focus on areas we believe represent the agency's most significant challenges. We have identified those areas as NARA's top ten management challenges.

1. Electronic Records Archives

NARA 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, cost overruns, and technical short comings and deficiencies identified by our office and the Government Accountability Office (GAO). In August 2010, the Office of Management and Budget (OMB) placed ERA on its high-priority list of 26 high-risk Federal IT projects. 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 is now in 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 also includes 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. Further complicating this task, the Archivist testified to Congress that due to funding issues NARA will not be able to address concerns raised by ERA users and the OIG.

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

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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.

In November 2011 a Presidential Memorandum titled *Managing Government Records* was issued. 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 branch 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 from FY 2007 to FY 2011. NARA's Office of Information Services (I) 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.

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 assessment 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, 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

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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 35 percent 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 online, will be to provide such access to records created digitally ("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

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 audiovisual records are stored on. Per management, preservation resources have not been able to adequately address the growth in holdings needing preservation action. 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. Further, NARA's primary tool for preserving electronic records, the ERA system, has not delivered the functionality necessary to address record format obsolescence (see OIG Challenge #1). 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.

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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 for the agency. 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.

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

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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

MANDATED BY THE INSPECTOR GENERAL ACT OF 1978, AS AMENDED, AND OTHER LAWS

<u>REQUIREMENT</u>	<u>SUBJECT</u>	<u>PAGE(S)</u>
Section 4(a)(2)	Review of legislation and regulations	7 – 8
Section 5(a)(1)	Significant problems, abuses, and deficiencies	2 – 4, 11 – 15, 17 – 20
Section 5(a)(2)	Significant recommendations for corrective action	2 – 4, 11 – 15
Section 5(a)(3)	Prior significant recommendations unimplemented	33
Section 5(a)(4)	Summary of prosecutorial referrals	32
Section 5(a)(5)	Information or assistance refused	33
Section 5(a)(6)	List of reports issued	32
Section 5(a)(7)	Summaries of significant reports	2 – 4, 11 – 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 with no management decision	33
Section 5(a)(11)	Significant revised management decisions	33
Section 5(a)(12)	Significant management decisions with which the OIG disagreed	23 – 24, 33
Section 5(a)(14)	Reporting on OIG peer review	8
P.L. 110-181	Annex of completed contract audit reports	34

REPORTING REQUIREMENTS

STATISTICAL SUMMARY OF INVESTIGATIONS

<i>Investigative Workload</i>	
Complaints received this reporting period	25
Investigations pending at beginning of reporting period	18
Investigations opened this reporting period	10
Investigations closed this reporting period	13
Investigations carried forward this reporting period	15
<i>Categories of Closed Investigations</i>	
Fraud	0
Conflict of Interest	0
Contracting Irregularities	0
Misconduct	2
Larceny (theft)	2
Other	9
<i>Investigative Results</i>	
Cases referred – accepted for prosecution	0
Cases referred – declined for prosecution	0
Cases referred – pending prosecution decision	0
Arrest	0
Indictments and informations	2
Convictions	0
Fines, restitutions, judgments, and other civil and administrative recoveries	\$0
NARA holdings recovered	18,164
<i>Administrative Remedies</i>	
Employee(s) terminated	0
Employee(s) resigned	1
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

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

Accepted for Prosecution

None.

Declined for Prosecution

None.

Pending Prosecutorial Determination

None.

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

Report No.	Title	Date	Questioned Costs	Unsupported Costs	Funds Put to Better Use
13-08	Audit of NARA's Preservation Program	07/09/2013	\$0	\$0	\$0
13-09	Audit of NARA's Data Backup Operations	07/09/2013	\$0	\$0	\$89,112
13-10	NARA Archival Facilities	07/19/2013	\$0	\$0	\$0
13-11	Audit of the Base ERA System's Ability to Ingest Records	09/19/2013	\$0	\$0	\$0
13-12	Audit of NARA's Intrusion Detection and Prevention Systems and Incident Response	09/10/2013	\$0	\$0	\$0
13-14	Audit of Processing of Textual Records	09/18/2013	\$0	\$0	\$0
13-15	NARA's Handling of Paper-Based Disclosure of Personally Identifiable Information (PII)	09/25/2013	\$0	\$0	\$0

REPORTING REQUIREMENTS

AUDIT REPORTS WITH QUESTIONED COSTS Requirement 5(a)(8)

Category	Number of Reports	DOLLAR VALUE	
		Questioned Costs	Unsupported Costs
A. For which no management decision has been made by the commencement of the reporting period	0	\$0	\$0
B. Which were issued during the reporting period	0	\$0	\$0
Subtotals (A + B)	0	\$0	\$0
C. For which a management decision has been made during the reporting period	0	\$0	\$0
(i) dollar value of disallowed cost	0	\$0	\$0
(ii) dollar value of costs not disallowed	0	\$0	\$0
D. For which no management decision has been made by the end of the reporting period	0	\$0	\$0
E. For which no management decision was made within 6 months	0	\$0	\$0

OTHER REQUIRED REPORTS

REQUIREMENT	CATEGORY	SUMMARY
5(a)(3)	Prior significant recommendations unimplemented	See generally the audits on the Processing and Preservation Programs on pages 13 and 14.
5(a)(5)	Information or assistance refused	None
5(a)(10)	Prior audit reports with no management decision	None
5(a)(11)	Significant revised management decisions	None
5(a)(12)	Significant management decisions with which the OIG disagreed	See pages 23 and 24.

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	3	\$9,059,262
B. Which were issued during the reporting period	1	\$89,112
Subtotals (A + B)	4	\$9,148,374
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	4	\$9,148,374
E. For which no management decision was made within 6 months of issuance	3	\$9,059,262

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.