Audit of the Department's Records Management Program

FINAL AUDIT REPORT

ED-OIG/A11-A0011
September 2001

NOTICE

Statements that managerial practices need improvements, as well as other conclusions and recommendations in this report represent the opinions of the Office of Inspector General. Determinations of corrective action to be taken will be made by the appropriate Department of Education officials.

In accordance with the Freedom of Information Act (5 U.S.C. §552), reports issued by the Office of Inspector General are available, if requested, to members of the press and general public to the extent information contained therein is not subject to exemptions in the Act.

MEMORANDUM

TO: Craig Luigart   SEP 2 7 2001
             Chief Information Officer

FROM: Lorraine Lewis

SUBJECT: **FINAL AUDIT REPORT**
                  Audit of the Department's Records Management Program
                  Control No. ED-OIG/A11-A0011

Attached is our subject final report presenting the results of our review of the Department's records management program. We received your comments concurring with the findings and recommendations in our draft audit report.

Please provide the Supervisor, Post Audit Group, Office of the Chief Financial Officer and the Office of Inspector General with quarterly status reports on promised corrective actions until all such actions have been completed or continued follow-up is unnecessary.

In accordance with the Freedom of Information Act (5 U.S.C. §552), reports issued by the Office of Inspector General are available, if requested, to members of the press and general public to the extent information contained therein is not subject to exemptions in the Act.

We appreciate the cooperation given us in the review. Should you have any questions concerning this report, please call Michele Weaver-Dugan, Director, Operations Internal Audit Team, at (202) 863-9526.

Attachment

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EXECUTIVE SUMMARY

In conducting business, every federal agency creates a great number of records in a variety of media. If information is not captured in records that are accessible in organized files or electronic recordkeeping systems, it will not be available when later needed. With the increase in office automation and the proliferation of personal computers, individual staff members have increased control over the creation of some federal records through the use of facsimile machines, electronic mail systems (e-mail), and word-processing, database and spreadsheet programs. This makes the need for recordkeeping requirements even more critical.

The Federal Records Act (FRA)(44 U.S.C. §3101) requires that federal agencies "make and preserve records containing adequate and proper documentation of the organization, functions, policies, decisions, procedures, and essential transactions of the agency." In addition to the FRA, several other laws, such as the Paperwork Reduction Act, the Privacy Act, the Freedom of Information Act (FOIA), and the Government Paperwork Elimination Act (GPEA) address records management requirements for both paper and electronic records. The National Archives and Records Administration (NARA), the General Services Administration (GSA), the Office of Management and Budget (OMB), and individual agencies issue records management regulations.

The head of each federal agency is required to work with NARA to identify and inventory the agency's federal records, to appraise the value of the records, and to determine how long these records should be kept and under what conditions. In the Department of Education (Department), the records management function is managed by a Records Officer (RO) located within the Office of the Chief Information Officer (OCIO). Many of the Principal Offices (POs) have a designated Records Liaison Officer (RLO) responsible for the records management function within their specific office.

The objective of our audit was to determine whether the Department has established adequate policies and procedures for managing electronic and paper records. We determined that the Department has not established adequate policies and procedures in this area. The Department is not properly scheduling or disposing of its records and RLOs and Contracting Officer's Representatives (CORs) have received inadequate training and guidance. These weaknesses adversely affect the Department's ability to maintain adequate records.

In an effort to assist the Department in designing the most effective and efficient paper and electronic records management program possible, we contacted seven other federal agencies to identify current "best practices." These practices are noted in the Audit Results and Other Matters sections of this report.

This report presents a summary of the conditions we identified that are in need of improvement. Our recommendations are based upon an analysis of the noted weaknesses, as well as from knowledge gained from a review of effective practices being used by other federal agencies. Our recommendations to the Chief Information Officer include the following:

> ➤ Develop more specific Department-wide records management guidance and policies and procedures and require POs to develop office-specific policies and procedures.

> ➤ Provide the RO, RLOs and CORs with additional training on records management.

> ➤ Require POs, with the assistance of the Department's RO, to determine which federal records do not have a disposition schedule approved by NARA.

> ➤ Determine whether POs are using proper storage facilities for their records.

The Department responded to our draft report, concurring with the recommendations provided and committing to substantially improving the Department's records management program. The Department's response does not warrant any changes to the findings and recommendations. The full text of the Department's response is included as Attachment 1 to this audit report.

INTRODUCTION

Background

In conducting business, every federal agency creates a great number of records in a variety of media. If information is not captured in records that are accessible in organized files or electronic recordkeeping systems, it will not be available when later needed. Poor documentation may result in an unresponsive Government, a Government that cannot account for its actions, or both. Conducting Government business without adequate documentation increases the possibility that, in time, relevant facts may be unavailable or interpretations may be distorted. As staff members leave, information that has not been properly documented may be lost to the agency.

Frequently, agencies become aware of inadequate documentation because of Congressional inquiries, Freedom of Information Act (FOIA) requests, litigation, or through the news media. This can have serious ramifications. The General Accounting Office (GAO) has found that failure to create or maintain complete and accurate records has caused the expenditure of millions of dollars for goods or services never received. In addition, destruction of drafts and working files has left agencies without documentation to justify controversial decisions.[1]

The Federal Records Act (FRA)(44 U.S.C. §3101) requires that federal agencies "make and preserve records containing adequate and proper documentation of the organization, functions, policies, decisions, procedures, and essential transactions of the agency." This requirement applies to paper as well as electronic records. A record is defined by 44 U.S.C. §3301 as:

> All books, papers, maps, photographs, machine readable materials, or other documentary materials, regardless of physical form or characteristics, made or received by an agency...under federal law or in connection with the transaction of public business and preserved or appropriate for preservation...as evidence of the organization, functions, policies, decisions, procedures, operations, or other activities of the Government or because of the informational value of data in them.

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[1] National Archives and Records Administration (NARA), *Agency Recordkeeping Requirements: A Management Guide*, 1995, p. 2.

In addition to the FRA, other laws and guidance address records management requirements:

❖ *Government Paperwork Elimination Act (GPEA)*

 GPEA requires that, when practicable, federal agencies use electronic forms, electronic filing, and electronic signatures to conduct official business with the public by October 21, 2003. In doing this, agencies will create records with business, legal and, in some cases, historical value. The requirement to accept electronic signatures as legally binding introduces a new recordkeeping requirement issue—to ensure the reliability and authenticity of the electronic signatures in records documenting electronic interaction with the public. In systems implemented as a result of GPEA, records management requirements should form the core of the information technology system requirements.

❖ *Freedom of Information Act/Electronic Freedom of Information Act Amendments (FOIA/E-FOIA)*

 This statute requires agencies to provide the public with access to government records. Agencies must provide the information electronically upon request as long as it is practical to do so. Good records management is needed to track and manage the original records as well as to provide access to the redacted versions released in electronic format.

❖ *Paperwork Reduction Act of 1995*

 This Act reaffirms the Office of Management and Budget's (OMB) records management oversight responsibility, which it shares with the National Archives and Records Administration (NARA) and the General Services Administration (GSA), and provides direction to agencies on managing information electronically.

❖ *Clinger-Cohen Act*

 When developing mission-supporting information systems, agencies should include a cost-benefit study on the capabilities needed to manage the electronic records created by the systems.

❖ *Privacy Act*

 Agencies must allow an individual to review and access information collected by the agency about that person. Agencies must protect the information and publish a notice in the Federal Register about what information is collected and its use.

❖ *OMB Circular A-130: Management of Federal Information Resources*

> This circular requires agencies to incorporate records management
> functionality into information system design, development, and
> implementation.

NARA, GSA, OMB, and individual agencies all issue records management regulations.

The head of each federal agency is required to work with NARA to identify and
inventory the agency's federal records, to appraise the value of the records, and to
determine how long these records should be kept and under what conditions. The formal
approval of this work is called scheduling. Federal agency records must be scheduled
through either records schedules specific to each agency (through the use of Standard
Form 115) or a general records schedule (GRS), which is issued by the Archivist of the
United States. The GRS authorizes disposal, after a specified period of time, of records
of a specified form or character common to several or all federal agencies. Records of
permanent value (such as final budget submissions and calendars of senior staff) must be
preserved and eventually transferred to NARA for archival and research purposes. Other
records deemed of insufficient value to warrant their preservation (such as payroll or
travel) are considered temporary records and must be preserved by the agency for only a
specified length of time.

NARA states that program managers have primary responsibility for ensuring that
complete and accurate records are created. Records managers are responsible for
assisting program offices in developing standards, criteria, and procedures for adequate
documentation and incorporating these into the agency's records management program
and directives. Records managers should offer training on these requirements to all
agency personnel, with particular attention given to program managers and first-line
supervisors.[2] In the Department of Education (Department), the records management
function is managed by a Records Officer (RO) located within the Office of the Chief
Information Officer (OCIO). Many of the Principal Offices (POs) have a designated
Records Liaison Officer (RLO) responsible for the records management function within
their specific office.

With the increase in office automation and the proliferation of personal computers,
individual staff members have increased control over the creation of some federal records
through the use of facsimile machines, electronic mail systems (e-mail), and word-
processing, database, and spreadsheet programs. This makes the need for recordkeeping
requirements even more critical. Agencies will also need to ensure that the functional
requirements for their systems incorporate records management concerns and that the
data maintained by these systems can continue to be accessed as systems evolve.
According to NARA, a sound records management program is an integral part of an
agency's standard business operations. Agencies that do not consistently adhere to
standard records management practices run the risk of not having records that can be
depended upon in the course of subsequent business transactions or activities.

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[2] NARA, p. 4 and 6.

Objectives, Scope and Methodology

The objectives of our audit were to:

- Determine whether the Department has established adequate policies and procedures for managing electronic and paper records; and

- Identify best practices in records management.

Our original objectives focused solely on electronic records management (ERM) within Student Financial Assistance (SFA). At our audit entrance conference, SFA and OCIO officials suggested that the entire Department could benefit from a review in this area, including information on best practices. In addition, our preliminary fieldwork revealed that ERM was a newly developing area for the Department. In accordance with guidance from NARA, an agency should conduct an evaluation of its existing paper-based records management program prior to implementing an ERM program to ensure it is built upon a solid foundation. Therefore, our audit scope was expanded to include both paper and electronic records management practices Department-wide.

To accomplish our objectives, we reviewed written policies and procedures and conducted interviews with applicable OCIO, SFA, and Office of Educational Research and Improvement (OERI) officials, including National Center for Education Statistics (NCES) officials, the Department's Records Officer, Department PO RLOs, and applicable NARA representatives. During our interviews, we discussed general electronic and paper records management responsibilities and practices and inquired about the level of interaction between the RLOs, the Department's Records Officer, and NARA representatives. We also reviewed training records for applicable Departmental employees.

Since SFA has most of the Department's mission critical systems, we judgmentally selected three of these systems [Federal Family Education Loan System (FFEL), Direct Loan Origination/Consolidation System (LOS), and the Direct Loan Central Database System (CDS)] and interviewed each system's Contracting Officer's Representative (COR) with regard to the records management of each of these systems. We visited the SFA Acquisitions and Contract Performance Office and reviewed the contracts for each system noted with regard to records management requirements.

We reviewed the Department's *1999 Performance Reports and 2001 Plans*, prepared in accordance with the requirements of the Government Performance and Results Act (GPRA), to determine whether the Department had established any performance indicators applicable to records management. We determined that there was no related performance indicator.

We contacted other federal government agencies to learn about their records management programs. Agencies were selected based upon recommendations from OCIO officials and agencies identified by NARA as being in the forefront of electronic records

management. The agencies contacted were:

> ➢ Department of Defense National Imagery & Mapping Agency (DOD NIMA)
> ➢ Centers for Disease Control (CDC)
> ➢ Environmental Protection Agency (EPA)
> ➢ Department of Agriculture (USDA)
> ➢ Department of Commerce
> ➢ Department of Transportation (DOT)
> ➢ National Aeronautics and Space Administration (NASA)

Fieldwork was performed at applicable Department of Education offices between March 2000 and April 2001. An exit conference was held with Department officials on May 22, 2001. Our audit was performed in accordance with government auditing standards appropriate to the scope of the audit described above.

Statement on Management Controls

As a part of our audit, we assessed the system of management controls, policies, procedures, and practices applicable to the Department's administration of its records management program. Our assessment was performed to determine the level of control risk for determining the nature, extent, and timing of our substantive tests to accomplish the audit objectives.

For the purpose of this report, we assessed and classified the significant controls in both electronic and paper-based records management into the following categories:

- Records scheduling
- Records disposition
- Records storage

Because of inherent limitations, a study and evaluation made for the limited purpose described above would not necessarily disclose all material weaknesses in the management controls. However, we identified weaknesses which adversely affect the Department's ability to maintain adequate records. These weaknesses and their effects are fully discussed in the AUDIT RESULTS section of this report.

AUDIT RESULTS

The following is a presentation of our findings noted as a result of our audit work, accompanied by applicable recommendations. Overall, we determined that the Department has not established adequate policies and procedures for managing electronic and paper records. The Department is not properly scheduling or disposing of its records and RLOs and CORs have received inadequate training and guidance. These weaknesses adversely affect the Department's ability to maintain adequate records.

The Department responded to our draft report, concurring with the recommendations provided and committing to substantially improving the Department's records management program. The Department's response does not warrant any changes to the findings and recommendations. The full text of the Department's response is included as Attachment 1 to this audit report.

Finding No. 1   RLOs & CORs Lack Appropriate Records Management Training and Guidance

Our audit revealed that most of the Department's RLOs have received little or no training in the area of records management. We determined the following based upon surveys of and interviews with 15 Principal Office RLOs and a review of their training records:

> ➢ 7 RLOs have received no records management training at all.

> ➢ 4 RLOs informed us that they received informal training, which generally consisted of a brief meeting with the Department's RO or the PO's previous RLO.

> ➢ 3 RLOs attended some formal classroom training, however 2 of them had the training at least 4-5 years ago.

> ➢ 1 RLO acquired his training while on-the-job and by reading two records management publications.

We determined that the Department's RO had either limited or no interaction with the PO RLOs, citing time constraints due to other non-records officer responsibilities. The RO indicated that RLOs are generally support staff personnel that have other duties and, as a result, probably would not have a lot of time for training in this area. Several RLOs informed us that they have not had time to address their responsibilities as RLO due to other office duties. The RO added that she is usually not informed by the POs when an RLO is replaced and is, therefore, unable to contact the new RLO to provide guidance.

Our discussions with and reviews of training records for three SFA system CORs and NCES officials, all of whom deal extensively with records, also revealed that none of them had ever received any records management training or guidance. [See Finding No. 2]

There is currently no comprehensive Department-wide guidance on records management program policies and procedures, to include individual office responsibilities and guidance on RLO duties. There is no directive requiring POs to have an RLO. We also noted that only one PO has office-specific written records management policies and procedures in place. While we have noticed improvements in the guidance provided by OCIO in this area since our audit began, the guidance is general in nature and consists of links to specific records management forms, records schedules, guidance on preservation of records for departing Department officials, and how to determine whether or not something is a record. During our exit conference, Department officials noted they are currently working on a directive for records management.

36 CFR §1222.20 (b) states each Federal agency shall:

(1) Assign to one or more offices of the agency the responsibility for the development and implementation of agency-wide programs to identify, develop, issue and periodically review recordkeeping requirements for records for all agency activities at all levels and locations in all media;

(3) Issue a directive(s) establishing program objectives, responsibilities, and authorities for agency recordkeeping requirements. Copies of the directive(s)… shall be disseminated throughout the agency, as appropriate;

(5) Ensure that adequate training is provided to all agency personnel on policies, responsibilities, and techniques for the implementation of recordkeeping requirements and the distinction between records and nonrecord materials, regardless of media, including those materials created by individuals using computers to send or receive electronic mail.

Because of the lack of training and guidance, at least six RLOs did not specifically know the responsibilities of a RLO. The remaining RLOs mentioned that their duties consisted only of assigning accession numbers (record identification numbers) and approving SF-135s (standard forms completed when transferring records for storage). We noted that no RLO acknowledged the existence of SF 115s for their PO. One RLO stated they did not know what a SF-115 was. Seven RLOs informed us that their POs did not create or maintain any electronic records, even though e-mail and word processing documents would be considered as such. Four RLOs did not know if their POs maintained electronic records or if there was a process for archiving them. We also noted specific examples where POs have not been scheduling or disposing of their records properly. [See Finding No. 2]

A lack of training and knowledge can place the Department in a position of not being in compliance with applicable laws and regulations, including the Privacy Act and FOIA. POs may be destroying records that they are required to keep, or maintaining records and incurring storage costs for records that do not need to be kept. Agencies that do not consistently adhere to standard records management practices run the risk of not having records that can be depended upon in the course of subsequent business transactions or activities.

Our review of other federal agency records management programs identified good examples of comprehensive guidance in this area. EPA and DOD NIMA have very explicit guidance on their agency websites to assist their records officers, records liaison officers, and staff implement the agency's records management program. This includes agency-wide policy directives, specific guidance to offices within the agency and training opportunities. EPA, whose former records officer is now a Director at NARA, has guidance that can be found at www.epa.gov/records.

DOD NIMA created their records management website using materials from EPA's records management website. They have provided a copy of their materials to OIG on CDROM (CD) for use by the Department as needed. The CD also contains information on how the Department can "link" the files contained on the CD to create a records management searchable glossary, a Records Management Tool Kit, and other types of records management training tools. [We have provided this CD to the Department's OCIO.]

NARA provides information on the type of guidance that should be provided by and the responsibilities of agency records and program managers. This information can be accessed at www.nara.gov/records/pubs/adequacy.html. NARA also offers several different courses on records management issues to government employees.

Recommendations:

We recommend that the Department's Chief Information Officer:

1.1   Provide the RO, RLOs, and CORs with additional training on records management. This could include the following:

-    the development of a records management training and certification program for RLOs similar to the training program required for Department CORs;

-    the development of computer-based training modules, similar to those developed for computer security training.

1.2   Develop more specific Department-wide guidance and policies and procedures and require POs to develop office-specific policies and procedures.

Finding No. 2   Principal Offices Are Not Scheduling or Disposing of Records Properly

SFA Did Not Properly Schedule Official Records

As a result of interviews with CORs from three SFA mission-critical systems, we determined SFA has not scheduled official records in accordance with federal laws, regulations, and Department policies. Specifically, SFA has no NARA-approved retention and disposition schedules for its FFEL program microfilmed images and borrowers' promissory notes. The FFEL system contractor microfilms and then destroys, without NARA's approval, hardcopies of Forms 799 (Lender's Interest and Special Allowance Request and Report), 1130 (Guaranty Agency Quarterly/Annual Report) and 1189 (Guaranty Agency Monthly Claims and Collections Report). The COR for the FFEL System informed us that the FFEL system contractor, after a period of time, destroys all records except for promissory notes, which SFA considers to be permanent records.

According to SFA CORs, there are also no NARA approved retention and disposition schedules in place for any paper or electronic Direct Loan CDS, Direct Loan Servicing System (DLSS), or LOS records. One COR informed us that Direct Loan borrower electronic data has never been archived. According to the COR, SFA maintains approximately six years worth of data on over five million borrowers. As a rule of thumb, Direct Loan maintains most of its records just to "play it safe." A contractor maintains all Direct Loan borrowers' promissory notes. In addition, the contractor microfilms and then shreds borrowers' correspondence. SFA preserves the promissory notes and microfilmed images as permanent records.

36 CFR §1222.20 (b)(6) states that each federal agency shall develop and implement records schedules for all records created and received by the agency and obtain NARA approval of the schedules. 36 CFR §1228.26 (a)(2) requires agencies to submit to NARA schedules for the records of new programs, such as the Direct Loan Program, within 1 year of implementation. 36 CFR §1228.28(c) states that NARA will determine whether or not records are of permanent value. 36 CFR §1228.50(b) requires agencies to establish internal training programs to acquaint appropriate personnel with the requirements and procedures of the records disposition program.

In addition, 44 USC §3303 states, "The head of each agency of the United States Government shall submit to the Archivist... lists of any records in the custody of the agency that have been photographed or microphotographed under the regulations and that, as a consequence, do not appear to have sufficient value to warrant their further preservation by the Government.

41 CFR §101-11.103(e) states that each Federal agency shall control the creation, maintenance, and use of agency records and the collection and dissemination of information to ensure that the agency does not accumulate unnecessary records.

The SFA CORs indicated they were not aware of records management requirements and had never received training or guidance in this area. Records that are not preserved in compliance with federal records management laws, regulations, and Department policies may be inadvertently lost or destroyed. This may include records needed by the Department for continuity of operations before, during, and after emergencies, and those records needed to protect the legal and financial rights of the Government and persons affected by Government activities. Inadvertently lost or destroyed Department records might also make it more difficult to hold Department officials accountable for their decisions and policies. In addition, inappropriate use of the "permanent" designation could result in unnecessary accumulations of records. These records cost money to store and maintain and occupy space that could be put to better use.

Based upon the overall results of our interviews with and surveys of PO RLOs [See Finding No.1] and our discussions with the SFA CORs, our concern over unscheduled records, Department-wide, is heightened. There is a strong possibility that other POs are creating and maintaining official records that might not appear on either the GRS or the Department's NARA-approved records disposition schedule (RDS).

We expressed these concerns to SFA and OCIO officials. SFA concurred with our concerns and stated that as a result of our initial entrance conference, they were taking steps to better address SFA's management of electronic and paper records. SFA plans on inventorying electronic and paper-based records, determining which official records are not scheduled, consulting with the Department's RO, and submitting the appropriate retention and disposition schedules to NARA for approval.

According to the Department's RO, the OCIO is aware that several POs have records with either no retention and disposition schedules or retention and disposition schedules not approved by NARA. She stated that as a result of our fieldwork, OCIO began to identify POs having electronic and paper records not scheduled according to federal records management laws, regulations, and Department policy. As of August 2, 2001, the OCIO's Intranet web page stated, "The Department's Records Disposition Schedules (ED/RDS) are currently under revision to update and add new schedules. The current schedules as of this posting do not cover all the records created and maintained by the Department. We are working with each Principal Office to update and add new schedules to the ED/RDS."

OERI Did Not Properly Archive Official Records

During discussions with the OERI RLO, we determined that OERI was not properly archiving the Assistant Secretary's financial records, general correspondence, speeches, and policies in accordance with federal regulations and Department policy. According to the OERI RLO, the previous Assistant Secretary (from 1998 through 2001) did not archive any of his official records during his tenure. OERI also failed to properly archive the general correspondence, speeches, and policies of the Assistant Secretary that served from 1993 through 1996. For the past eight years, the OERI RLO stored, in the basement of OERI's office building, seven boxes of this Assistant Secretary's financial records. In addition, OERI was unable to account for the financial records, general correspondence, speeches, and policies for the four Acting Assistant Secretaries between 1996 and 1998. The OERI RLO stated he was not aware that portions of the Assistant Secretaries' records were permanent and needed to be archived.

The OERI RLO informed us that one of his responsibilities is to assist NCES in archiving official records. This includes issuing accession numbers for NCES records that need to be sent to the National Archives. The OERI RLO could not remember the last time he issued an accession number to NCES. He added that he had not received records from NCES for the past 10 years, with the exception of some paper-based grant records, nor could he recall any requests to archive records. We also spoke with a NARA representative who indicated that the National Archives should be getting records every year from NCES but that this is not always the case. She indicated that she is usually the person who has to initiate action from the Department.

We spoke with NCES officials and asked them why they were not sending their records to the National Archives. NCES informed us that, for the last couple of years, no records were sent because it was more convenient to maintain them on-site.

The Department maintains a NARA approved Records Disposition Schedule (RDS) which contains records schedules specific to the Department and sets forth the applicable archiving policies to be followed. According to the Department's RDS:

> ➢ Permanent records include portions of the general correspondence and administrative files that document the supervision and evaluation of program areas of each Assistant Secretaryship, including narrative and statistical reports which are consolidated at the Deputy level. The Department's RDS states that these records should be cut off at the end of the calendar year, retired to the Federal Records Center (FRC) one year after cut off, and then transferred to NARA 10 years after the incumbent Assistant Secretary leaves office. (RDS Part 9, Item 22)

> ➢ Any correspondence that documents the formulation of national education policy and the establishment of directions of review of the primary missions of the Department must be maintained as permanent records. Related correspondence files must be cut off at the end of the calendar year, retired to the Federal Records

Center four years after cut off, and transferred to the National Archives 10 years after cut off. (RDS Part 9, Item 23a)

> Part 14 of the RDS covers files created for and by the Department as a result of educational research and development activities (such as those performed by NCES) accomplished by Department personnel and by private commercial or research organizations whose services are rendered through contracts and grants. All records furnished by the contractor or grantee pursuant to terms of the contract or grant become the property of the Department and the provisions of this schedule applies to such records. All records created in accordance with this schedule are considered to be permanent and must be transferred to the National Archives upon creation of a public use file.

36 CFR §1222.20 (b)(10) requires that facilities used to store the agency's records comply with the standards specified in 36 CFR part 1228, subpart K. [Subpart K specifies the minimum structural, environmental, property, and life-safety standards that a records storage facility must meet when the facility is used for the storage of federal records.] 36 CFR §1228.240 requires an agency to obtain NARA approval of an agency records center or submit documentation of compliance by a commercial records storage facility before transferring records to that facility.

According to the Department's Records Officer, OERI's basement storage area is not a NARA approved storage facility and did not necessarily meet the facility standards as stated in 36 CFR §1228, subpart K. She also indicated that records in an unapproved storage area would not be able to be properly tracked.

Management and staff turnover results in a loss of institutional knowledge. Over time, this results in archived information becoming the sole support for management decisions and policies. Information supporting OERI management decisions and policies may not be available should those decisions and policies be challenged at a later date. Failing to archive records in accordance with federal laws, regulations, and other policies, does not protect the legal and financial rights of the Government and persons directly affected by the agency's activities. Storage of records in unapproved storage facilities increases the risk of loss or damage to these records.

Recommendations:

We recommend that the Department's Chief Information Officer:

2.1.   Reemphasize to POs the importance of adhering to federal records management regulations and Department records management policies.

2.2.   Require POs to inventory the federal records (electronic and paper format) they create and maintain.

2.3.   Require POs, with the assistance of the Department's Records Officer, to
         determine which federal records are "unscheduled".

2.4   Require POs to regularly update records retention and disposition schedules and
         submit to NARA for approval.

2.5   Determine whether POs are using proper storage facilities for their records.

OTHER MATTERS

During our audit fieldwork, OCIO officials piloted an e-mail records management
program in the Office of the Deputy Secretary. OCIO is considering an ERM application
pilot to implement within their own office. In addition, the Office of Civil Rights (OCR)
has recently consulted with OCIO on two ERM initiatives they are interested in
beginning— managing and tracking OCR case files and managing OCR's electronic
documents and records. The Office of Special Education and Rehabilitative Services
(OSERS) is interested in developing an electronic records management program to
manage its inactive grant records. SFA also is taking steps to better manage its electronic
records, as noted previously.

In an effort to assist the Department in designing the most effective and efficient
electronic records management program possible, we contacted seven other federal
agencies to identify current "best practices". We subsequently determined that these
federal agencies are at various stages of implementing ERM. Noted below are some of
their experiences and recommendations.

❑   We identified the <u>Department of Defense National Imagery & Mapping Agency
    (DOD NIMA)</u> as one of the most advanced agencies with regard to ERM efforts.
    DOD NIMA gave us details on two ERM programs they were piloting and
    recommended the following as first steps for any agency to take in ERM
    development:

    • Create retention and disposition schedules for all electronic records.
    • Determine what funds are available to support ERM projects.
    • Pilot as many programs as possible and determine what is most important to
      the Department. E-mail was noted as a high priority area.

    DOD NIMA also noted that any ERM software used should minimize general user
    involvement because (1) most general users do not want to take the time or have the
    technical training to accurately categorize and manage their own records; and (2) the
    costs of providing general users with more advanced training is a financial burden.

DOD's software certification testing program has been endorsed by NARA as adequately testing commercial off the shelf and internally developed ERM software for mandatory records management functionalities. A listing of currently certified software can be found at http://jitc.fhu.disa.mil/recmgt/.

DOD NIMA officials added that the biggest issue they see regarding ERM is putting the infrastructure initially into place, specifically the cost associated with it. Within the last 18 months alone, the agency spent at least $1 million on ERM. In 2001, their budget is $3 million.

❑ The <u>National Aeronautics and Space Administration (NASA)</u> tested ERM programs that met the DOD standard noted above. NASA officials stated to us that they piloted an ERM program approximately two-and-a half years ago but concluded that the ERM software was not "user-friendly." The program required too many interactions from users and administrators and also was expensive to implement. Currently, NASA is updating their records retention schedules, increasing electronic records awareness throughout the agency, and investigating possible solutions to address the issue of electronic signatures.

❑ <u>U.S. Department of Transportation (DOT)</u> representatives noted they had pilot tested the same ERM software as NASA and DOD NIMA and also concluded it was not very user friendly. They also advised that it is useless to purchase an ERM software product until your agency determines how to be electronic, and explained that DOT was concerned with accessing electronic records in years to come using different software other than that which originally maintained it.

DOT's current focus in the area of records management is in developing a plan that addresses how their agency plans to transition themselves from creating and maintaining paper documents to creating and maintaining electronic documents, in order to address the requirements of the GPEA. DOT's plan is to hire a contractor to assist with this effort.

❑ The <u>U.S. Department of Agriculture's (USDA)</u> Records Officer shared with us two of her agency's electronic records management directives, which can be accessed at the following links:

> http://www.usda.gov/ocio/directives/DR/DR3040-001.html
> http://www.usda.gov/ocio/directives/DR/DR3300-1-F.html

She also provided a link (http://pages.zdnet.com/firmweb/firmcouncil/index.html) to the Federal Information and Records Managers (FIRM) Council. FIRM's website serves as a central repository from which all agencies can share knowledge, resources, and methodologies for the implementation and evaluation of records management systems and practices. USDA noted challenges they are facing in implementing ERM due to the agency's vast number of field sites.

❑   The Records Officer for the <u>Centers for Disease Control (CDC)</u>, who previously
     worked for NARA for approximately 13 years, recommended using the DOD
     standard for ERM, noting DOD has spent a lot of time in the area of ERM and it
     would be good to use what they have done rather than "re-invent the wheel." As part
     of its ERM development, CDC hired a contractor and created an inventory of all
     records in accordance with NARA regulations. They organized both the inventory
     listing and their resources and developed a comprehensive records control schedule.

     When asked about "best practices" the Department might consider during its ERM
     implementation, he suggested the following: (1) speaking with management
     throughout the Department in order to promote ERM, (2) offering users
     good training, (3) facilitating proper interaction between the Records Officer and the
     various subdivisions, and (4) developing an adequate records management
     organizational structure. He added that an agency could not expect one person to do
     it all. He also thought it useful for a Records Officer to obtain a Certified Records
     Manager designation. The knowledge required for this type of certification may
     enable the individual to perform functions an agency would usually need to hire a
     contractor for, saving the agency money in the long run. This Records Officer is a
     member of the Association for Information Management Professionals (ARMA)
     (<u>http://www.arma.org/</u>) and suggested that this is another good source of records
     management information.

NARA also provides assistance and guidance to agencies as they prepare to develop
automated techniques to facilitate the management of electronic records, including
preliminary planning checklists for both records management and information technology
staff. This guidance can be accessed at <u>www.nara.gov/records/fasttrak/prod1b.html</u>.

UNITED STATES DEPARTMENT OF EDUCATION

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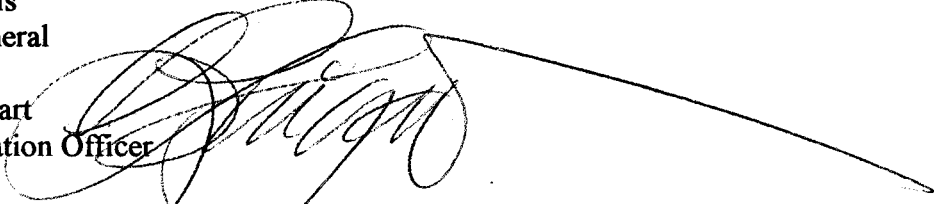THE CHIEF INFORMATION OFFICER

MEMORANDUM

SEP 2 8 2001

September 27, 2001

TO: Lorraine Lewis
Inspector General

FROM: Craig B. Luigart
Chief Information Officer

SUBJECT: DRAFT AUDIT REPORT
Audit of the Department's Records Management Program
ED-OIG/A11-A0011

I thank you and your staff for the preparation of this audit report, the draft of which was issued on August 17, 2001. As you know from your several meetings and discussions with members of my staff, it is critical that the Department have a comprehensive program and make a systematic effort to protect and preserve our official records, regardless of the medium in which they are stored. The events of September 11 only heighten the concerns we all have for ensuring the continuity of our operations and the preservation of records concerning the public's business.

In the mid-1980's, the Department decentralized its records storage activities when the Records Management Program was under the direction of the Office of Management. Given the fast track the Administration is placing on the Federal government's movement to a customer-centric E-Government business model, it is essential that OCIO take a strong leadership role in the Department's transition to the electronic management of our records. This draft report is very constructive and helpful to us in making that critical transition.

My comments specific to the Audits Findings are presented below:

Re Finding No. 1.

➤ I concur with the recommendation that we provide additional training to the Records Officer, Records Liaison Officers, and Contracting Officer's Representatives and will work with the Training and Development Center to develop a records management training curriculum and then we will monitor the completion of the training itself. Most of the training required for Department staff is available from the National Archives and Records Administration

(NARA) or other federal sources, and can be instituted for those staff serving in a records management and information management role.

> I further concur that Department-wide policies and procedures be made more specific. We already have a mature draft policies and guidance, and will complete its publication expeditiously.

Re Finding No. 2.

> I concur that we must complete a comprehensively revised records disposition schedule (RDS) and file plans of the Department. The RDS and the detailed file plans are critical to the Department's Electronic Records Management initiatives already under way. Because of their pivotal role in the installation of the electronic records management application system for the Department, many of the RDS components and file plans will be completed within a short period of time. This initiative is critical to the successful implementation of the Government Paperwork Elimination Act (GPEA) and must, therefore, be completed well in advance of the October 31, 2003 mandated deadline for GPEA.

We are committed to substantially improving the Department's records management program and we recognize that each of the Principal Office's full participation and support will be essential to meeting these objectives.

If you have any further questions or if you wish to discuss these recommendations more fully, please contact John Tressler on (202) 708-8900.

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