

NATIONAL ARCHIVES AND RECORDS ADMINISTRATION

Preserving the Past to Protect the Future

2008 Performance and Accountability Report

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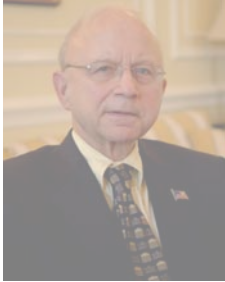
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SECTION 1

MANAGEMENT'S DISCUSSION AND ANALYSIS

A Message from the Archivist of the United States



The National Archives and Records Administration (NARA) is our nation's record keeper. Every day we work to preserve and provide access to the records of our Government – from the Declaration of Independence, to the census records enumerating the individuals that make up our nation, to the service records of the men and women who serve in our military, to documentation on homeland security issues that will make our country safer.

The records we hold are the original sources of American history, telling the story of our nation through the actions of individuals and institutions. They document the rights and entitlements of our citizens, and hold our Government officials accountable to the people. NARA's mission is vital to continuity of Government, homeland security, public trust, and national morale.

- We provide legal authority to many of the actions of the President and executive agencies through publication in the *Federal Register*, regardless of weather, terrorist attacks, or other emergencies that may close other Federal operations.
- We lead the Federal Government in developing new technology that will enable the Government to share electronic information across space and time, reducing the risk that critical intelligence will be lost in obsolete hardware and software.
- We act as First Preservers in times of emergency, assisting Federal, state, and local governments in saving their critical records, especially those that document the rights and entitlements of citizens.
- We further civic literacy in America through a series of education, outreach, and partnership initiatives that use records to teach and inform.
- We preserve and provide access to the military service records of 56 million veterans of our armed forces, ensuring that they and their families receive the benefits they have earned by defending our country.
- We protect and display the founding documents of our country – the Declaration of Independence, the Constitution, and the Bill of Rights – which more than a million people a year come to see.

I am pleased to present the National Archives and Records Administration's Performance and Accountability Report for FY 2008. Thanks to support from our stakeholders and partners and the efforts of our exceptional staff, we made progress on each of the goals of our Strategic Plan and our three material weaknesses. Our Strategic Plan directs us to attend to six goals – demonstrating leadership in managing the nation's records, preserving and processing records to ensure access, meeting electronic records challenges, expanding opportunities for access, increasing civic literacy, and equipping NARA to meet the needs of our customers. Our progress in these areas is detailed throughout this report.

I encourage you to read the report to discover the strides we have made in launching the initial operating capability of the Electronic Records Archives (ERA). ERA lays a foundation for NARA and all other Federal agencies to perform records management business transactions online to improve the way government records are organized, stored, and retrieved. Besides the direct benefit to government, these capabilities will make it easier for citizens to discover what records the government has and to access electronic archival holdings. This year we also took bold new steps to digitize some of our holdings for online access and to develop strategic principles for future digitization projects. Additionally, we made efforts to ensure an efficient transition of the Presidential records of President George W. Bush to his Presidential Library.

We have also made strides in ensuring that our resources are well managed with the proper oversight. I am able to provide a qualified statement of assurance that, with the exception of three material weaknesses—holdings security, IT security, and inventory control over artifacts in the Presidential Libraries, NARA's internal controls are achieving their intended objectives. Our objectives are aligned with those specified by OMB Circular A-123 to ensure that programs achieve their intended results; resources are used consistent with NARA's mission; programs and resources are protected from waste, fraud, and mismanagement; laws and regulations are followed; and reliable and timely information is obtained, maintained, reported, and used for decision making. This assessment is based on results of audits and evaluations conducted by the Government Accountability Office (GAO), the Office of Government Ethics (OGE), NARA's Office of Inspector General (OIG), management control evaluations, and other written evaluations conducted in the 12 NARA offices and staff organizations. It is also based on senior management's knowledge of the daily operations of NARA programs and systems. I have also relied upon the advice of the OIG concerning this statement of assurance.

To address our material weaknesses, NARA staff created and began implementation on individual action plans. The action plan for NARA's holdings security material weakness focuses on five areas: policy and procedures; training; security for storage areas; internal controls; and theft prevention and response. Our action plan for IT security also includes updates in policy and will focus on incorporating security considerations in IT contracts and making changes based on results from the recently completed business impact analysis. Inventory plans and controls are the main focus in the action plan for inventory control over artifacts in our Presidential Libraries. Additional details on these action plans, as well as progress made during FY 2008, are found in our FMFIA report in Section 4.

While the work ahead is challenging, our staff is both talented and committed. I am confident that our stakeholders and the public can be proud of their National Archives and Records Administration, which every day is protecting, preserving, and making available the essential documentation of our Government.



Allen Weinstein
Archivist of the United States

November 17, 2008

Introduction

This Performance and Accountability Report represents the culmination of the National Archives and Records Administration's (NARA) program and financial management processes, which began with strategic and program planning, continued through the formulation and justification of NARA's budget to the President and Congress and through budget execution, and ended with this report on our program performance and use of the resources entrusted to us. This report was prepared pursuant to the requirements of the Chief Financial Officers Act, as amended by the Reports Consolidation Act of 2000 and mandated by the Accountability of Tax Dollars Act of 2002, and covers activities from October 1, 2007, through September 30, 2008.

How to Use This Report

This report describes NARA's performance measures, results, and accountability processes for FY 2008. In assessing our progress, we are comparing actual results against targets and goals set in our annual performance plan, which we developed to help us carry out our Strategic Plan. Our complete set of strategic planning and performance reports is available on our web site at <http://www.archives.gov/about/plans-reports/>.

This report has four major sections:

- **Management's Discussion and Analysis**

Look here for our agency-wide performance and use of resources in FY 2008. You also will find information on the strategies we use to achieve our goals and the management challenges and external factors that affected our performance.

- **Performance Section**

Look here for details on our performance by strategic goal and long-range performance target in FY 2008. This section covers our targets, how and why we met or did not meet them, and explanations of how we assess our performance and ensure the reliability of our data.

- **Financial Section**

Look here for details on our finances in FY 2008, our consolidated financial statements and notes, required supplementary information, and the reports from our independent financial auditor and our Inspector General. Also included is information on our internal controls and an explanation of what kind of information each of our financial statements conveys.

- **Other Accompanying Information**

Look here for our Inspector General's assessment of our agency's management challenges and our FMFIA report.

About NARA

The National Archives and Records Administration is our nation's record keeper. An independent agency created by statute in 1934, NARA safeguards the records of all three branches of the Federal Government. Our job is to ensure continuing access to essential documentation and, in doing so, we serve a broad spectrum of American society. Genealogists and family historians; veterans and their authorized representatives; academics, scholars, historians, business and occupational researchers; publication and broadcast journalists; Congress, the Courts, the White House, and other public officials; Federal Government agencies and the individuals they serve; state and local government personnel; professional organizations and their members; students and teachers; and the general public—all seek answers from the records we preserve.

Our Vision

As the nation's record keeper, it is our vision that all Americans will understand the vital role records play in a democracy, and their own personal stake in the National Archives. Our holdings and diverse programs will be available to more people than ever before through modern technology and dynamic partnerships. The stories of our nation and our people are told in the records and artifacts cared for in NARA facilities around the country. We want all Americans to be inspired to explore the records of their country.

Our Mission

The National Archives and Records Administration serves American democracy by safeguarding and preserving the records of our Government, ensuring that the people can discover, use, and learn from this documentary heritage. We ensure continuing access to the essential documentation of the rights of American citizens and the actions of their government. We support democracy, promote civic education, and facilitate historical understanding of our national experience.

Our Strategic Goals

NARA's strategic goals are set forth in our 10-year Strategic Plan, published in September 2006, which covers the period FY 2007 through FY 2016. This new plan acknowledges recent achievements, assesses new challenges facing us, and commits us to measure our value to the taxpayer by setting aggressive outcome-oriented performance targets.

Our six strategic goals are:

- 1: As the nation's record keeper, we will ensure the continuity and effective operation of Federal programs by expanding our leadership and services in managing the Government's records.
- 2: We will preserve and process records to ensure access by the public as soon as legally possible.
- 3: We will address the challenges of electronic records in Government to ensure success in fulfilling NARA's mission in the digital era.

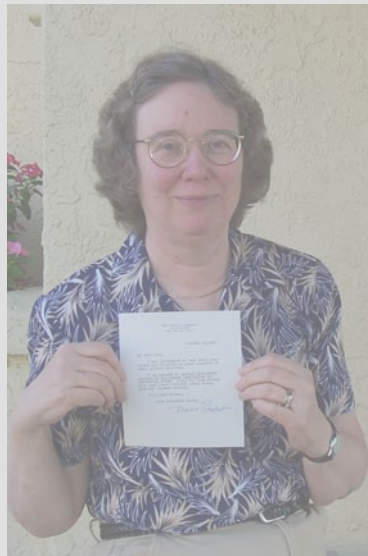
- 4: We will provide prompt, easy, and secure access to our holdings anywhere, anytime.
- 5: We will increase access to our records in ways that further civic literacy in America through our museum, public outreach, and education programs.
- 6: We will equip NARA to meet the changing needs of our customers.

Our Organizational Structure

We carry out our mission through a national network of archives and records services facilities stretching from Washington, DC, to the West Coast, including Presidential libraries documenting administrations back to Herbert Hoover. Additionally, we publish the *Federal Register*, administer the Information Security Oversight Office (ISOO), and make grants for historical documentation through the National Historical Publications and Records Commission (NHPRC). We preserve and make available, in response to hundreds of thousands of requests, the records on which the entitlements of citizens, the credibility of Government, and the accuracy of history depend. More and more people are using our services and gaining access to our records through the Internet, whether by requesting copies of records through our Inquire form at *Archives.gov*, commenting on regulations at the Government-wide site *Regulations.gov*, searching online databases of records and information, or engaging in a host of other activities through *Archives.gov*. We continue to encourage this trend, by adding online services and fully participating in several of the President's e-Government initiatives, so that citizens everywhere have access to our vast holdings. The organizational chart in figure 1 provides an overview of NARA's structure.

In May, Jane Helbig O'Brien of Vienna, West Virginia, and her husband visited the Franklin D. Roosevelt Presidential Library and Museum and asked to speak to an archivist. Supervisory Archivist Bob Clark met with the O'Briens, and Mrs. O'Brien pulled from her purse a letter that Eleanor Roosevelt had written to her in 1960, stating that she had found the letter while going through her mother's things after her death. In the letter, Mrs. Roosevelt expressed her opposition to capital punishment. Mrs. O'Brien could not recall writing to Eleanor Roosevelt, but did have a vague memory of leading a student debate group on the topic of capital punishment while in high school.

Using the information contained in the letter, Clark examined Mrs. Roosevelt's papers, and discovered Mrs. O'Brien's original handwritten letter to Mrs. Roosevelt dated October 11, 1960 soliciting her opinion for use in a student debate in Bay Shore, New York. Clark made a copy of the letter and presented it to the O'Briens. In return, Mrs. O'Brien permitted the Library to copy the original Eleanor Roosevelt letter because a carbon copy had not been retained in the files by Mrs. Roosevelt's staff.



Jane Helbig O'Brien with a letter written to her in 1960 by Eleanor Roosevelt.

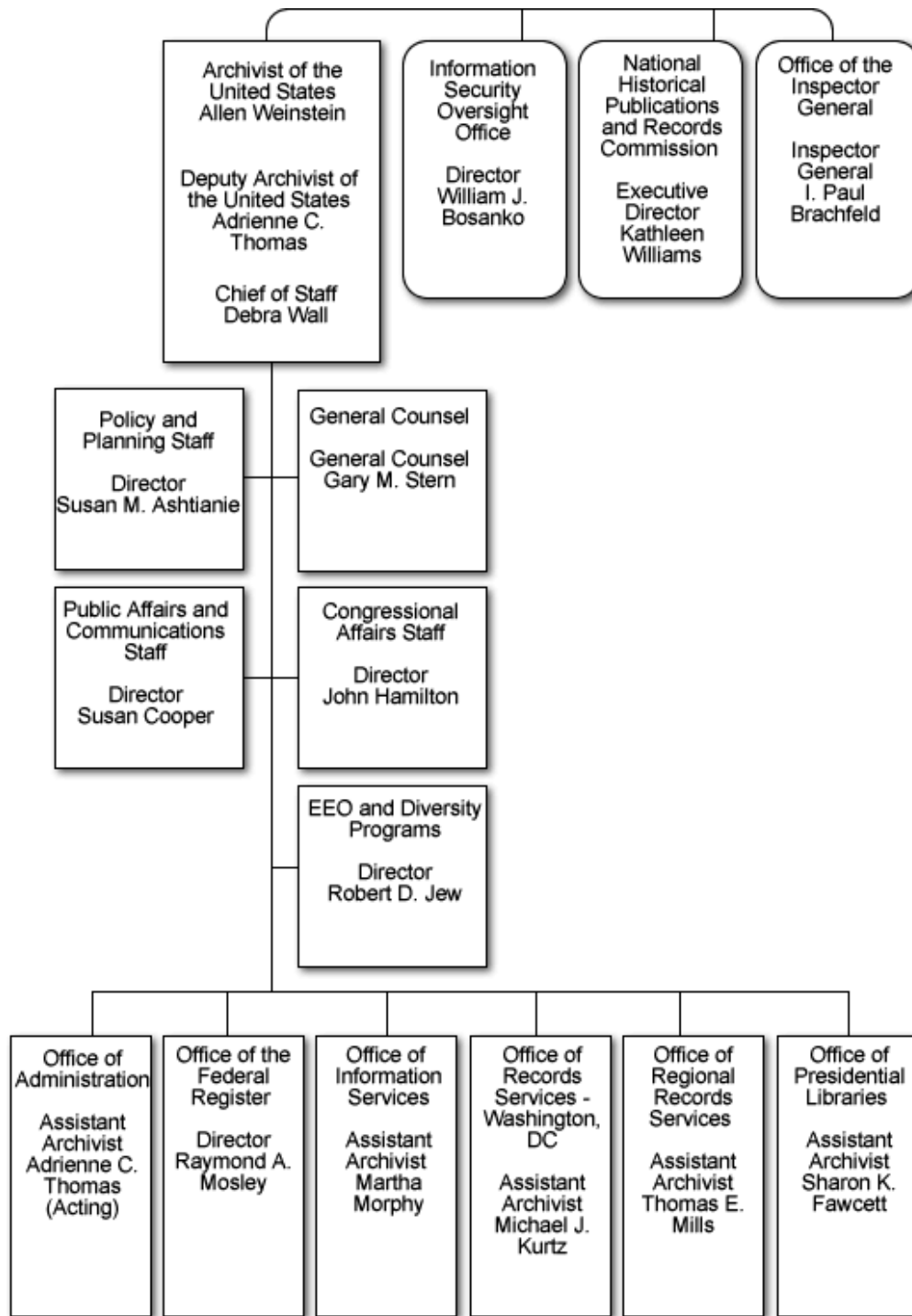


Figure 1. NARA's Organizational Structure

NARA's Challenges and Management's Actions to Address These Challenges

We at the National Archives and Records Administration (NARA) take our job of serving the public seriously. Never before have we played such an indispensable role in our Government. We are doing this work in the face of multiple challenges that affect the entire Government and our citizens.

- Like all Federal agencies, NARA faces new and evolving concerns about security, continuity of operations, and emergency preparedness. Additionally, continuity of Federal operations depends on the records of government. Protecting, recovering, and making these records available will require new, more flexible solutions.
- We face new kinds of records management issues raised by the dramatic emergence of an electronic Government. To fulfill our leadership role in the electronic records environment, NARA is transforming from an agency that manages predominantly paper to an electronic-based focus.
- The preservation challenges that are a fact of life in an archival institution also are growing more complex, so that we face new facility and technological challenges, along with our traditional resource issues, in preserving paper, electronic, special media, and artifacts.
- Because our mission includes ensuring access to records for Government officials and the American public, the new technological environment in which NARA operates places us squarely at the center of intergovernmental electronic communication challenges.

Whether publishing the *Federal Register*, protecting the vital records assets of Federal agencies nationwide, serving information needs of America's veterans, meeting the challenges of electronic records, or displaying our nation's Charters of Freedom—the Declaration of Independence, the Constitution, and the Bill of Rights—NARA plays a unique role in the safe, secure operation of our government and in preserving our democratic ideals.

- We publish the *Federal Register* each business day, regardless of weather emergencies, terrorist threats, or other contingencies that may close Federal operations. Publication, even during emergencies, is critical because many of the actions that Executive departments and the President need to take require the legal authority that comes from publication in the *Federal Register*.
- NARA responds to more than one million requests a year about Official Military Personnel Files (OMPF). Many of these requests come from veterans, their families, or organizations working on behalf of veterans to verify their military service, apply for benefits, or research medical conditions. A veteran's ability to obtain a job, housing, or medical care often depends on our ability to meet information needs quickly.
- NARA protects the essential records of hundreds of Federal agencies and courts as well as the records of the Congress, the Supreme Court, and 12 Presidential administrations in 37 facilities nationwide. Among these records are highly

classified National Security Council policy memorandums, congressional committee records, architectural drawings of Federal facilities, satellite photographs of major cities, and the tax returns of individual Americans. All these, and more, are saved for as long as needed because the information they contain is essential to the effective operations of our government – to protect the rights and entitlements of our citizens, to understand past decisions and inform future policy choices, to hold appropriate officials accountable for their actions, and to ensure the safety and security of our country.

Philip Garen of Minneapolis, MN contacted the National Archives in Chicago because he was having trouble obtaining a passport and needed documentation to prove his American citizenship. Garen is originally from Slawatycze, a village in Poland that was destroyed by the Nazis in 1940. Most of the people of the village, including Garen's entire family, were massacred. Garen wanted to return to his hometown for a rededication of the cemetery where his family is buried, but he was afraid he wouldn't be able to get his passport in time for the ceremony.

NARA staffer William Greer contacted Garen's congressional representative's office, who explained that the passport office needed a copy of Garen's petition for naturalization. Greer immediately sent out a certified copy of the petition and Garen received his passport four days before his flight to Poland.



Photo of Philip Garen from his 1948 Declaration of Intention petitioning for U.S. citizenship. After becoming a citizen in 1953, Garen legally changed his last name from Grynblat to Garen.

- NARA not only protects these records, but makes sure they can continue to be used, long after their native format has become obsolete. Today this essential function finds its most recent expression in NARA's development of the Electronic Records Archives (ERA), a revolutionary system that will capture electronic information, regardless of its format, save it permanently, and make it accessible on whatever hardware or software is currently in use.

Let us turn to the specific challenges NARA faces:

Records Management, and specifically, Electronic Records Management. In this world of exponentially increasing volumes and formats of electronic records, the ability to find, manage, use, share, and dispose of records – the essence of records management – is vital for the efficient and effective functioning of the Federal Government. Records management is an essential component of knowledge management, and yet records and information are rarely managed by agencies as business assets. This undermines the authenticity, reliability, integrity, and usability of those Federal records and essential Government business information they contain, particularly for electronic commerce.

This Government-wide challenge requires collaborative, creative solutions with benefits accruing to all Federal agencies. Our goal is for records management to be so seamlessly integrated into agencies' business processes that it becomes second nature; and for information to be easy to find in a usable form.

To achieve these goals, NARA has undertaken a multi-faceted approach to improving Federal records management through a suite of strategies, policies, standards, and tools that facilitate the effective and efficient management of Federal records. In the process we will transform both our own records management program and records management across the Government. We have three major areas of focus in our records management activities:

- Strategic Directions for Federal Records Management—a series of coordinated strategies to transform NARA’s approach to Federal records management.
- E-Government Initiatives—the ongoing Electronic Records Management E-Government Initiative and initiatives to support agencies in implementing the requirements of section 207(e) of the E-Government Act of 2002.
- Electronic Records Archives (ERA)—the key tool that allows NARA and Federal agencies to manage, preserve, and have access to electronic records.

Information Technology. The pace of technological change and innovation challenges the entire Federal Government. At the same time these changes offer wide-ranging opportunities for improved information management. Information technology—particularly the World Wide Web—has become integral to providing government services and moving the Federal Government’s immense stores of information and services out of its “back offices,” onto the Internet, and into homes and businesses. But these new capabilities have brought the challenges of mounting customer expectations of more and expanded online services. Our Strategic Plan acknowledges that we must be equipped to meet these changing needs and expectations. As NARA fully embraces e-Government and seizes new technological opportunities, we must be able to adapt quickly to new technologies and to leverage technical expertise to meet expectations for quality service.

We have three primary areas of focus in meeting this larger challenge:

- IT security: Security challenges are constantly evolving, particularly as the demand for electronic services increases, portable media devices proliferate, and more business is transacted over the Internet. We continue to work to strengthen and protect our infrastructure against viruses and unauthorized intrusions. In our FMFIA report last year, we declared a material weakness in our IT security program, driven in large part by immaturity of the program. NARA is working hard to mature the program by adding resources and strengthening its processes.
- Improving our IT infrastructure: We will continue to make strategic investment decisions to ensure that our IT infrastructure evolves in support of the changing IT environment. This infrastructure must support NARA’s business and ever-increasing customer needs.
- ERA deployment: A major challenge for NARA is the design, development, and implementation of a system that will aid in the Federal Government’s ability to manage, preserve, and access its electronic records well into the future. Proper oversight and use of industry and government best practices are key to our ability to deploy a usable ERA in a timely and cost effective manner. ERA’s initial launch in June 2008 supports the basic process of determining how long Federal agencies need to keep records and whether records should be preserved

in the National Archives afterwards. ERA will be capable of ingesting historically-valuable electronic records, ranging from databases about World War II soldiers to the State Department’s central files on foreign affairs.

Records Access. Central to NARA’s mission is our ability to provide the records of the Federal Government to the citizens, to whom the records belong. A major challenge to efficiently accomplishing this goal is the sheer volume of unprocessed materials – both classified and unclassified – that awaits our attention. This problem is not unique to NARA, but exists at archival institutions around the world. We have made some adjustments to our resources to address this problem in the Washington, DC, area, and continue to study the scope of this situation in our regional facilities and Presidential libraries. We are looking for ways to streamline and speed our processing methods, while at the same time examining more effective and efficient ways to apply the resources needed to meet this challenge.

- **Declassification review.** Federal agencies have a deadline of December 31, 2009, to review and resolve (by declassifying or exempting) their equities in security-classified documents that are more than 25 years old and have been referred to them by other agencies. More than 400 million pages of classified Federal records at NARA were reviewed by agencies between 1995 and 2006. Of these, about 80 million pages contain referrals to still other agencies who must take action before the 2009 deadline. Our challenge is to make these documents available to the agencies in a systematic fashion to enable them to accomplish their missions, to permanently protect valuable Federal records, and to prevent unauthorized releases of information that still meets the standards for continued classification. Our National Declassification Center, a multi-agency effort to carry out declassification requirements of Executive Order 12958, as amended, for Federal records, is a significant step toward addressing this challenge.

- **Presidential Classified Holdings.** Classified records in our Presidential libraries pose a huge challenge for us because they are often extremely sensitive, filled with multiple equities, and in high demand. The Reagan Library Presidential collection will be subject to the next declassification deadline

	Traditional Holdings (cu. ft.)	Electronic Holdings (LDR*)
Washington, DC, Area Archives	2,440,290	5,487,402,151
Regional Archives	1,022,055	0
Federal Records Centers	26,566,569	0
Presidential Libraries	256,707	35,308,040
Affiliated Archives	12,425	0
TOTAL	30,298,046	5,522,710,191

*Logical Data Records

under the Executive Order. That library has approximately eight million pages of classified textual holdings, more than twice as many classified pages as all of the previous libraries’ projects combined. This volume presents significant challenges to our current Remote Archives Capture (RAC) Project, our collaborative program with the CIA and other classifying agencies through which classified Presidential materials at field locations are electronically scanned and sent to Washington for review by equity-holding agencies. We are committed to addressing the challenges

of the dramatic increase in volume of classified records from the Reagan administration to comply with the deadlines set forth in the Order.

Facilities. Our 37 facilities are our first line of defense for records preservation. Providing appropriate physical and environmental storage conditions is the most cost-effective means to preserve records. Yet facility operating costs—rent, security forces, and utilities—have risen in recent years and show little sign of abatement. We face this challenge and the ongoing challenge of ensuring that all of our facilities meet necessary standards for the storage of records, particularly archival records. In addition, we must ensure that non-NARA entities storing Federal records comply with our facility standards. Furthermore, our storage capacity must grow as the volume of records grows. Our Strategic Plan includes several strategies for meeting our goal to preserve all records in an appropriate environment for use as long as needed. Our ability to meet our storage and preservation challenges will be a key factor setting the future course of our agency.

Joe Renzi of San Diego, CA is a computer programmer for the Federal Government who did quality control for Fleet Combat Directions Systems Support Activity. He has been blind since birth. When Mr. Renzi was 10 years old, he wrote to President John F. Kennedy, in Braille, asking if he would come and visit him during his 1963 trip to San Diego. JFK did, indeed, stop in to visit young “Joey.”

This past year, one of Renzi’s co-workers contacted the John F. Kennedy Library hoping to get a copy of Renzi’s letter to give to him as a retirement gift. Research Room Technician Sharon Kelly was able to track down the original letter, and sent color copies of both the letter and the White House’s acknowledgement to Renzi’s friend, who presented them to him on the occasion of his retirement.



Joe Renzi at work. (Photo courtesy SPAWAR Systems Center)

Security. We store more than 30 million cubic feet of Federal records and Presidential materials in our nationwide facilities. We have the vital responsibility to protect these records, the staff who care for them, and the public who visit our facilities to use them. To do this, we must be prepared to meet multiple types of threats and we must plan for emergencies that could leave our facilities vulnerable or require us to provide shelter for staff and the public.

Currently, NARA has a material weakness in holdings security arising out of the tension between our responsibilities for security and for access. We do not have item-level control over the billions of pages of our holdings—nor can we ever expect to. Because these records belong to the American people, however, they cannot simply be locked away in inaccessible vaults. We focus on three primary responses to challenges in this area:

- We must provide quality services to our customers while instituting reasonable internal controls to prevent theft. We must also maintain documentation to support the recovery of missing holdings and the subsequent prosecution of those who would steal records that belong to all Americans.
- We must take every reasonable measure possible to limit access to sensitive records and act quickly to

coordinate recovery efforts with appropriate law enforcement as needed.

- We must protect and safeguard our facilities, the staff who work in our facilities, and the people who visit our facilities to mitigate the potential for damage and destruction through both natural and deliberate acts.

NARA identified a new material weakness this year related to inventory controls over artifacts in the Presidential Libraries and developed an aggressive action plan to address it. The artifacts include gifts from foreign heads of state, luminaries, and common citizens, ranging from high value items, including jewelry and fine arts to wood carvings, handmade quilts, and sports memorabilia.

Our action plan deals with a need for complete system-wide inventory of artifact holdings, the implementation of a preservation risk matrix, and the development of guidelines and standards for tracking loan information in an automated tool, digital images and de-accessioning, among other items. In FY 2008, we focused our attention and expertise on museum collections, gathering all NARA museum registrars in Washington, DC, for a two-day brainstorming meeting in June 2008 and hired additional essential staff.

Having an effective security posture requires that we take a big picture, holistic view of all our facilities and holdings. We are making strong gains in the comprehensive plan to address our holdings security and artifact inventory weaknesses. For more information, refer to our Federal Manager's Financial Integrity Act report in Section 4, Other Accompanying Information.

Civic Literacy. Each generation of Americans has had an impact upon the basic ideas and values of American government, society, culture, and the interpretation of history. NARA plays a unique and important role in the evolution of this civic literacy; we safeguard the facts of history. Access to NARA's holdings is the right of all Americans. But much of the public is unaware of the volume and value of this information. An essential mission of this agency, then, is to make the public aware of the materials we hold in trust for them and to provide training in using these primary sources. NARA is harnessing the power of the Internet, providing learning experiences through exhibits, programs, and events, and bringing learning materials to the classroom to promote civic literacy. We are assisted by partners and volunteers who are key to this advocacy.

Preservation. While storage facilities are our first line of defense for preservation of our holdings and are the most cost-effective way to preserve records, we face challenges in preservation that storage alone will not solve. The focus of our efforts relating to this challenge includes:

- **Electronic Records.** Over the last decade, NARA's electronic holdings have grown 100 times faster than traditional paper records. These records are created in a wide variety of formats – e-mail, databases, audio files, web pages, digital images, satellite imagery – and many more. They are increasingly complex – e-mails with attachments and web pages made up of many embedded files and documents. Our goal with the Electronic Records Archives is to preserve these electronic records, ensure their authenticity, and make them available far into the future. NARA has taken the first steps to attain this goal with ERA's initial operating capability made available in June 2008.

- Textual and Non-Textual Backlogs. Agency-wide assessments of our textual and non-textual holdings indicate a significant backlog of preservation work to be done. At this time, 70 percent of the holdings – more than two million cubic feet of records – need some kind of preservation. The backlog will require many decades to be addressed. We are prioritizing preservation work to address the most urgent needs first and have improved our internal controls so we have better insight into the problem, but the backlog will take time to address.
- Transformation from Analog to Digital Media. The marketplace is forcing the use of digital technology through the discontinuation of analog materials, supplies, and equipment. More than 16 million items in NARA's holdings are in analog formats. We reformat these materials periodically to preserve the original records and make copies for access. The transition from analog to digital has already taken place for audio recordings and other tapes that use a magnetic signal. Major photographic manufacturers are reducing or eliminating traditional analog product lines. Soon, few, if any, of the photographic and other analog products will be available for reformatting original records. NARA needs to make the transition from analog to digital processes over the next several years. NARA has responded in a creative and energetic manner by using this challenge as an opportunity to partner with the private sector to leverage existing knowledge to achieve faster gains in our race to digitize the records. Our partners are performing some of the digitization and helping us take the next step of making many of these holdings available via the Internet.

Staff. The Federal Government is looking to NARA, as the nation's record keeper, to deliver creative, entrepreneurial solutions for these records challenges. Leadership involves seeking actively to deliver value and to innovate rather than simply reacting to the changes taking place around us. To do this, we must ensure that our staff has the skills and competencies needed to provide leadership in records services in the 21st century, and we must ensure that the systems and processes we use to acquire and manage our staff are efficient, streamlined, flexible, and appropriate for today's modern workforce. The focus of our efforts is on:

- Staffing. Our Strategic Plan commits us to hiring, developing, sustaining, and retaining staff according to the competencies needed to achieve our strategic goals. This commitment is in line with the President's Management Agenda and Human Capital Assessment and Accountability Framework.
- Preparing Leaders. Our future success as the Government's leader for records services will depend in large part on the staff that we hire today. We must ensure that we have the right people in the right positions at the right time to move the agency forward.

Finally, we are committed to working with our Inspector General (IG) to identify and address significant challenges. The Inspector General's Top 10 Management Challenges, which are highlighted in the IG's semiannual reports to Congress and include the audits, investigations, and reviews they have undertaken to identify and address them, are included in the full version of this report at www.archives.gov/about/plans-reports/performance-accountability/.

Performance Highlights

Spotlight on Federal Records Management

Ensuring Effective Records Management for the U.S. Government

Each day hundreds of thousands of records are created by the Federal Government. These records document the actions and business processes of government agencies, and protect the rights, and entitlements of citizens. They capture the first-hand accounts of history, and accessibility to them is the foundation of our democracy. NARA's role in promoting and ensuring effective records management across the Federal Government is the cornerstone of our mission.

By assisting Federal agencies with the management of their records from the time they are planned and created, NARA helps to ensure that the documentation of our nation's history and government actions and information vital to individuals is available for both today's citizens and future generations. This past year was an eventful one in records management, bringing changes in records management policy, guidance, and processes that will affect all Federal agencies.



The new Electronic Records Vault at the Washington National Records Center provides the ideal environment for long-term preservation of electronic records. (Photo by Earl McDonald)

The release in July of a Government Accountability Office's (GAO) report claiming that agencies inconsistently preserve Government e-mail records, and that NARA must exercise greater oversight of records management within the agencies, has had a significant impact on NARA and the records management community as a whole. In the report, GAO concluded that NARA and Federal agencies need to make certain that the increasing volume of e-mail and other electronic records are well managed and preserved to ensure Government accountability and future public access for those electronic records deemed to be historically significant. Initiatives currently underway will answer many of GAO's concerns, and NARA will increasingly exercise oversight strategies such as inspections, surveys, and reporting to respond to GAO's recommendation for a more balanced records management program that provides guidance as well as ensuring compliance.

Update of Federal Records Regulations

Anyone who has ever read a Federal regulation knows that they can be difficult to understand. NARA is trying to change this by rewriting Federal records management regulations in plain language using more current terminology. Published in the Federal Register in August, the proposed regulations represent NARA's goals, strategies, and tactics for redesigning Federal records management to serve agencies in the 21st century. These new rules represent the first significant revision of Federal records management regulations since 1984.



The new rules define electronic records management in broader terms, clarifying that electronic records are subject to the same requirements as paper records. The rules also lay out guidance for NARA inspections of agency records management practices, making the inspection process more focused. In addition, the updated regulations clarify how records

should be managed by contractors working for an agency; require agencies to get permission from

NARA before loaning original records to other agencies; require agencies to notify NARA when records that could threaten health, life, or property are discovered; and, address how allegations of the removal, alteration, or destruction of records should be handled.

The new Federal records management regulations will become final after the public comment period is complete and NARA has considered all comments received.

Electronic Records Archives (ERA)

In June, NARA reached a significant milestone in our initiative to preserve electronic and all other records generated by the government and providing public access to them. The Initial Operating Capability of the NARA's Electronic Records Archives (ERA) is the beginning of far-reaching changes in the management of U.S. Government records.

In its initial stage, the new system will support the basic process of determining how long Federal agencies need to keep records and whether the records should be preserved in the National Archives afterwards. ERA will support this process for all Federal records, whether they are paper, film, electronic, or other media. In July, the National Archives began moving approximately three and a half million computer files into ERA.

ERA lays a foundation for the National Archives and all other Federal agencies to perform records management business transactions online to improve the way government records are organized, stored, and retrieved. Besides the direct benefit to government, these capabilities will make it easier for citizens to discover what records the government has and to access electronic archival holdings.

In 2010 NARA intends to make the system available to the public. Ultimately, NARA expects the system to be able to preserve and provide access to ever-increasing volumes of important electronic records of the Federal Government, even long after the hardware and software used to create them has become obsolete.

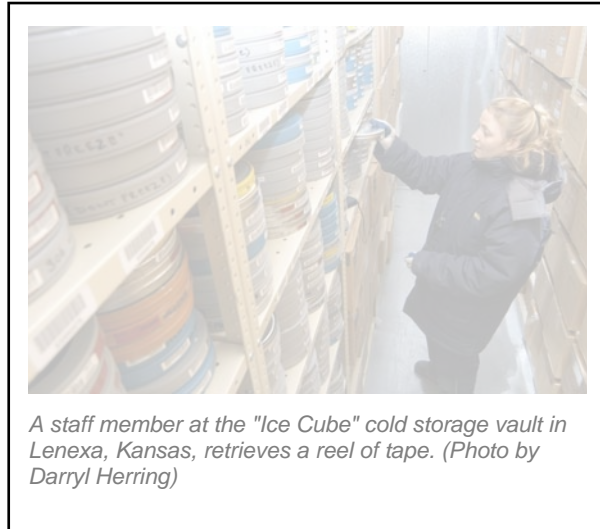
Electronic Records Project

Another significant records management project that gained momentum this year is NARA's Electronic Records Project. Begun in 2004, this project addresses the critical needs of Federal agencies in meeting the challenges of identifying, scheduling, and preserving the tremendous volume of electronic records created in Federal agencies. NARA's records management staff nationwide worked aggressively with agency partners to identify bodies of electronic records that must be captured on a records schedule so that agencies can comply with the E-Government Act of 2002 requiring agencies to schedule all their existing electronic records by September of 2009. With one year to go, NARA and agencies continue to raise the bar in working towards meeting this deadline. In FY 2008, NARA also had a parallel activity to increase the number of electronic records accessioned into the permanent custody of the National Archives.

Archives and Records Centers Information System (ARCIS)

While an increasing number of Government records are electronic, NARA is also developing new systems and procedures to manage traditional paper records. The Archives and Records Centers Information System (ARCIS) is a new, web-based system that will serve as the online portal through which Federal agencies will do business with NARA's Federal Records Centers.

ARCIS will allow agencies to conduct all records related transactions such as transfer, disposition, and reference online. Business processes at agencies and at the Federal Records Centers will be automated and streamlined and records managers will have access to all of their agencies' records information from their offices nationwide. ARCIS will be deployed incrementally through October 2009.



A staff member at the "Ice Cube" cold storage vault in Lenexa, Kansas, retrieves a reel of tape. (Photo by Darryl Herring)

The Nation's Record Keeper

As our nation's record keeper, NARA is committed to ensuring that:

- Federal agencies can economically and effectively create and manage records necessary to meet business needs;
- Records are kept long enough to protect rights and assure accountability; and

- Records of archival value are preserved and made available for future generations.

Government records are valuable assets, both to individuals and to our nation at large, and effective records management is the tool for managing and protecting them. The work NARA does every day—from assisting agencies in creating records schedules, to developing new policy to manage electronic records, to streamlining the procedures to transfer records to NARA—is vital to the future of our nation. For without proactive records management, we will lose the information that documents the daily work of our Government, and ultimately, the history of our nation.

To find out more . . .

- About Federal records management responsibilities, visit <http://www.archives.gov/records-mgmt/>.
- About guidance for protecting Federal records and other documentation from unauthorized removal, visit <http://www.archives.gov/records-mgmt/bulletins/2008/2008-02.html>.
- About NARA's Toolkit for Managing Electronic Records, visit <http://toolkit.archives.gov>.
- About the Electronic Records Archives (ERA), visit <http://www.archives.gov/era/>.
- About the Archives and Records Centers Information System (ARCIS), visit <http://www.archives.gov/frc/arcis/>.

Spotlight on International Partnerships

Furthering Democracy through International Outreach

Imagine you live in a developing nation that is unstable politically and economically. Government records are vulnerable – easily lost or destroyed with no real systems in place to protect them. Your proof of citizenship, records of land ownership and other entitlements, and documentation of the actions of your government can all be irretrievably lost in seconds.

Development of a digital repository located in a neutral country, which would hold the vital records of developing countries, is just one of the ideas NARA is discussing with our international partners.

While the majority of our work focuses on preserving, managing, and providing access to the records of our own nation, whenever possible the National Archives promotes the importance of records in other countries, taking a leadership role in helping newer democracies safeguard their own national histories. We also work to bring together archivists from countries around the world to foster communication and solutions to our shared challenges.

Over the past year, we have continued to forge strong bonds among archivists of the world's greatest democracies, including Canada, the United Kingdom and Scotland, France, Germany, Japan, Australia, Switzerland, and others. We are working to provide training programs to assist less-developed nations in improving their archival and records management practices, and we continue to welcome heads of state and government, foreign ambassadors, and other



In 2005, Ian Wilson, Librarian and Archivist of Canada (left) shakes hands with Archivist Allen Weinstein after signing a memorandum of intent aimed at closer cooperation between NARA and the Library and Archives of Canada. Since then, the two national archivists, as well as members of their senior staffs, have worked together in a series of collaborative efforts. (Photo by Jean-Marc Carisse)

high-ranking officials to our facilities through our Distinguished Foreign Visitors Program. These visits often include a special tour involving original documents related to U.S. relations with the visitor's own country.

NARA is also a very active participant in the International Council on Archives, the major organization of national archivists and records keepers. NARA's focus has been to support efforts to increase the effectiveness and transparency of the ICA. Former Deputy Archivist of NARA, (now serving as Special Assistant to the Archivist), Lewis

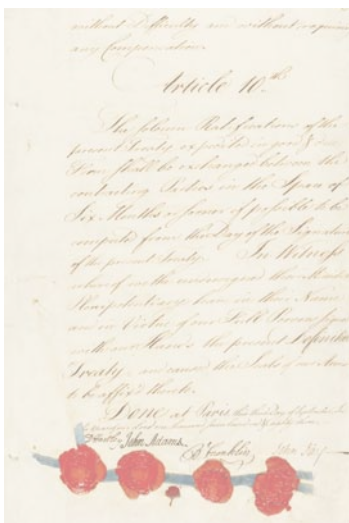
Bellardo was elected Vice-President Programme in March. The Programme Commission is responsible for overseeing the development and successful execution of the professional and technical activities of the ICA. "What NARA gains from this investment of staff resources is access to the new approaches, tools, and knowledge that results from more effective ICA program activities," said Bellardo.

Our closest partner in our transnational efforts is the Library and Archives of Canada. A visible example of the partnership was a joint exhibit this year of the Treaty of Paris, which ended the Revolutionary War and formally recognized the United States of America as an independent nation. To mark the 225th anniversary of the treaty, curators from both NARA and the Library and Archives of Canada brought together 60 archival treasures from the vaults of both institutions.

Ian Wilson, Librarian and Archivist of Canada, and President of the International Council on Archives, has also been instrumental in an ongoing partnership with NARA to support collaboration between Israel and the Palestinian National Authority (PNA). In February, Wilson joined Archivist of the United States Allen Weinstein in meetings with both Israeli and Palestinian officials to discuss the need for practical records management training for their respective staffs. While the heads of the Israel State Archives and the Palestine Archives had never met, officials from both sides are eager to work together on projects which document the histories of their people, and progress was made on the preliminary work of identifying record collections that jointly document aspects of the history of Israel and Palestine.

In the spring, at a larger meeting in Ottawa Canada, archival officials representing both sides in the ongoing conflict in the Middle East sat down for the first time at the same table and discussed their shared records issues. There was a preliminary acceptance of a partnership between the Israelis and the Palestinians to preserve the records in which both have an interest, and a draft memorandum of understanding was drawn up with these goals:

- Digitize and make available to everyone newspapers published in Palestine during and prior to 1948. These newspapers are held in a variety of places in

	<p>NARA and Library and Archives of Canada Collaborate on Exhibit</p>
<p><i>The Treaty of Paris, signed September 3, 1783, ended the American Revolution and resulted in the reshaping of North America. To mark the 225th anniversary of this treaty, NARA and the Library and Archives of Canada have collaborated on their first International exhibit, "1783: Subject or Citizen?" The exhibit includes 60 archival treasures from the vaults of both institutions, including the rarely displayed Treaty of Paris (the signature page of which is seen at left), from NARA's holdings. "1783: Subject or Citizen?" was on display this past year in Ottawa, Canada and at the National Archives Building in Washington, DC.</i></p>	

Israel. They would be digitized by a joint Israeli-Palestinian team and placed on a public web site.

- Survey and digitize photographs documenting pre-1948 cultural life of Mandatory Palestine. As with the newspapers, these photographs would be digitized and placed on a public web site.
- Survey and digitize records from the British Mandate and Ottoman period – now in the Israel State Archives, but for the most part documenting matters involving Palestinian Arabs.
- Set up records management and archival training programs for staff from the Palestinian National Archives and the Israel State Archives.
- Form a nonpartisan team of archivists and records managers to inspect and inventory the records seized from the Orient House in August 2001. The Orient House was the administrative center of Arab Jerusalem; it was closed by the Israelis after bombings in 2001 that were attributed to the Palestinians. Israel has since rejected repeated requests to return these records.

NARA's efforts in the Middle East are part of our international outreach program. We seek to help other countries improve their archival and records management practices to create a candid account of their national history and to preserve the documentation of that history for their people far into the future.

"Years of strife have jeopardized the safety and security of records documenting the distinct rights, interests, and legacy of the Jewish and Arab populations in Palestine prior to the establishment of the State of Israel. The Israel-Palestine National Archives Collaboration brings together four national archives in a cooperative records management and archival initiative designed to preserve and make available the valuable documentary artifacts of the region," said Allen Weinstein, Archivist of the United States.

Not only has NARA placed its archival experience at the service of other nations, the agency, through the Office of the Federal Register, has been active in supporting efforts in a variety of emerging democracies to open up those governments' processes. During the past year, Federal Register staff members met with executive and legislative leaders from China, Vietnam, and Afghanistan to provide advice and encouragement in those nations' efforts to develop administrative procedures that encourage public participation, incorporate the principles of transparency and prior notice, and produce government regulations based on openness.

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Using the National Archives and Records Administration
FY 2008

	Researchers Microfilm	Researchers Other Records	Written Requests	Public Program Attendees	Exhibit/ Museum Visitors	Online Visits
Washington, DC, Area	18,570	56,668	31,654	2,776	1,030,024	–
Office of Regional Records Services						
Northeast Region (Boston)	6,486	1,090	2,480	561	6,656	–
Northeast Region (Pittsfield)	2,003	0	883	542	28	–
Northeast Region (New York)	6,847	1,713	4,095	465	192,143	–
Mid Atlantic Region (Philadelphia)	4,700	438	1,765	587	4,869	–
Southeast Region (Atlanta)	4,965	811	2,076	692	20,428	–
Great Lakes Region (Chicago)	2,042	469	4,559	233	4,347	–
Central Plains Region (Kansas City)	989	580	1,526	1,068	1,559	–
Southwest Region (Fort Worth)	2,978	1,058	3,435	817	0	–
Rocky Mountain Region (Denver)	2,882	1,154	518	1,242	0	–
Pacific Region (Laguna Niguel)	3,124	743	2,762	588	3,100	–
Pacific Region (San Bruno)	2,347	1,434	2,930	709	2,918	–
Pacific Region (Anchorage)	620	355	376	5	0	–
Pacific Alaska Region (Seattle)	1,993	1,055	1,360	841	756	–
National Personnel Records Center	109	1,463	1,148,870	26	0	–
Regional Records Services Total	42,085	12,363	1,209,289	8,404	236,804	–
Presidential Libraries						
Hoover	–	513	1,042	26,972	51,785	303,309
Roosevelt	–	1,467	2,404	8,866	111,175	1,122,404
Truman	–	904	3,118	7,119	94,366	2,723,534
Eisenhower	–	1,286	3,251	6,874	113,927	1,296,267
Kennedy	–	1,381	2,428	52,846	211,458	3,285,786
Johnson	–	1,941	3,191	16,389	279,641	1,567,921
Nixon	–	211	1,546	2,401	74,071	813,732
Ford	–	713	1,587	3,460	88,632	1,368,328
Carter	–	978	900	6,383	47,359	2,201,813
Reagan	–	607	586	25,632	306,122	2,024,678
Bush	–	316	895	148,401	140,827	399,982
Clinton	–	186	1,630	62,517	260,618	684,846
Presidential Libraries Total	–	10,503	22,578	367,860	1,779,981	17,789,600
<i>Archives.gov</i>	–	–	–	–	–	18,849,142
<i>Our Documents.gov</i>	–	–	–	–	–	1,167,940
TOTAL	58,635	79,532	1,221,858	377,040	3,046,809	37,806,682

Personnel on Board*

All funds as of September 30, 2008	Washington, DC, Area			Field Locations			Nationwide Total		
	Full – Time Perm	Other	Total	Full – Time Perm	Other	Total	Full – Time Perm	Other	Total
Records Services	751	189	940	9	2	10	760	191	950
Regional Records Services	159	17	176	998	440	1,438	1,157	457	1,614
Presidential Libraries	79	11	90	305	79	384	384	90	474
Information Security Oversight Office	23	0	23	0	0	0	23	0	23
Federal Register	60	0	60	1	0	1	61	0	61
National Historical Publications and Records Commission	9	0	9	0	0	0	9	0	9
Electronic Records Archives	44	18	62	1	0	1	45	18	63
Total	1,125	235	1,360	1,313	521	1,834	2,438	756	3,194

* Admin Staff distributed across Program Offices

Performance Overview

We break down our strategic goals into long-range performance objectives and set annual targets and goals in our Annual Performance Plan each year. The following chart provides a synopsis of our FY 2008 performance. Highlights of some of this year's major accomplishments under each strategic goal follow the chart.

Snapshot of 2008 Performance

Strategic Goal 1: As the nation's record keeper, we will ensure the continuity and effective operations of Federal programs by expanding our leadership and services in managing the Government's records.						
1.1: By 2012, 85 percent of senior Federal agency managers view their records management program as a positive tool for risk mitigation. 1.2: By 2012, 90 percent of customers are highly satisfied with NARA records management services. 1.3: By 2012, the Federal Records Center Program annually retains 98 percent of its customers. 1.4: Within 30 days of the end of an administration, 100 percent of Presidential and Vice Presidential materials have been moved to NARA locations or NARA-approved facilities. 1.5: By 2009, 100 percent of our Continuity of Operations Plans (COOP) meet the requirements for viability. 1.6: By 2009, NARA has established a supportive partnership with FEMA in the national response to emergencies in 100 percent of FEMA regions.						
Performance Indicator	2004 Actual	2005 Actual	2006 Actual	2007 Actual	2008 Target	2008 Actual
Percent of senior Federal agency managers who view their records management programs as a positive tool for risk mitigation.	–	–	81	–	Baseline	64
Percent of Federal agency customers that are satisfied with NARA records management services.	–	57	78	80	–	81
Percent of customers retained by Federal Records Centers annually.	–	–	–	100	98	100
Percent of NARA Continuity of Operations Plans that achieve viability.	–	0	0	0	100	0
Percent of FEMA regions in which we have established a supportive partnership in the national response to emergencies.	–	–	–	60	80	80
Strategic Goal 2: We will preserve and process records to ensure access by the public as soon as legally possible.						
2.1: By 2016, 85 percent of scheduled transfers of archival records are received at the scheduled time. 2.2: By 2016, 95 percent of archival holdings have been processed to the point where researchers can have efficient access to them. 2.3: By 2012, 90 percent of agency declassification reviews receive high scores as assessed by ISOO. 2.4: By 2016, NARA archival holdings of 25-year-old or older records are declassified, exempted, or referred under the provisions of Executive Order 12958, as amended. 2.5: By 2016, 100 percent of archival holdings are stored in appropriate space. 2.6: By 2009, 100 percent of NARA records center holdings are stored in appropriate space. 2.7: By 2016, less than 50 percent of archival holdings require preservation action.						
Performance Indicator	2004 Actual	2005 Actual	2006 Actual	2007 Actual	2008 Target	2008 Actual
Percent increase in number of Federal agency electronic records scheduled than prior year.	–	–	10	33	10	30
Percent of traditional archival holdings that have been processed to the point where researchers can have efficient access to them.	–	–	–	21	30	33
Annual number of pages indexed through the Interagency Referral Center (in thousands)	–	–	–	3,993	3,750	521

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Annual number Presidential pages scanned (in thousands)	500	563	506	512	500	519
Percent of NARA traditional archival holdings in appropriate space	52	53	57	80	—	86
Percent of archival holdings that require preservation action	—	—	—	66	≤ 65	64
Strategic Goal 3: We will address the challenges of electronic records in Government to ensure success in fulfilling NARA's mission in the digital era.						
3.1: By 2016, 95 percent of archival electronic holdings have been processed to the point where researchers can have efficient access to them. 3.2: By 2012, 80 percent of archival electronic records are preserved at the planned level of service. 3.3: By 2016, the per-megabyte cost of managing electronic records decreases each year.						
Performance Indicator	2004 Actual	2005 Actual	2006 Actual	2007 Actual	2008 Target	2008 Actual
Percent of archival electronic accessions processed.	76	80	80	81	80	86
Percent of NARA's electronic accessions preserved in preparation for transfer to ERA.	89	89	89	89	80	90
Strategic Goal 4: We will provide prompt, easy, and secure access to our holdings anywhere, anytime.						
4.1: By 2016, NARA customer service standards for researchers are met or exceeded. 4.2: By 2012, 1 percent of archival holdings are available online. 4.3: By 2016, 95 percent of archival holdings are described at the series level in an online catalog. 4.4: By 2012, our web sites score at or above the benchmark for excellence as defined for Federal Government web sites.						
Performance Indicator	2004 Actual	2005 Actual	2006 Actual	2007 Actual	2008 Target	2008 Actual
Percent of written requests answered within 10 working days.	95	96	97	95	91	94
Percent of items requested in our research rooms furnished within 1 hour of request or scheduled pull time.	98	98	96	86	90	93
Percent of Freedom of Information Act requests for Federal records completed within 20 working days.	68	82	87	88	86	89
Percent of online archival fixed-fee reproduction orders completed in 20 working days or less (35 working days pre-2007)	99.9	99	97	72	85	68
Percent of traditional holdings in an online catalog.	33	43	51	56	60	64
Percent of artifact holdings in an online catalog.	40	43	57	57	60	61
Percent of electronic holdings in an online catalog.	17	63	98	99	60	98
Strategic Goal 5: We will increase access to our records in ways that further civic literacy in America through our museum, public outreach, and education programs.						
5.1: By 2016, our museums score in the top 10 percent of all history museums nationally according to industry measures. 5.2: By 2016, 95 percent of exhibit, public outreach, and education visitors are highly satisfied with their visit experience.						
Performance Indicator	2004 Actual	2005 Actual	2006 Actual	2007 Actual	2008 Target	2008 Actual
Percent of education programs, workshops, and training courses meeting attendees' expectations.	99	99	99	98	95	99.6
Strategic Goal 6: We will equip NARA to meet the changing needs of our customers.						
6.1: By 2016, 95 percent of employees possess the core competencies that were identified for their jobs.						

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6.2: By 2016, the percentages of NARA employees in underrepresented groups match their respective availability levels in the Civilian Labor Force (CLF).						
6.3: By 2016, public network applications are available 99 percent of the time.						
Performance Indicator	2004 Actual	2005 Actual	2006 Actual	2007 Actual	2008 Target	2008 Actual
Percent of staff having performance plans linked to strategic outcomes.	91	92	93	97	95	98
Percent of permanent staff having staff development plans linked to strategic outcomes.	52	78	76	96	95	89
Percent of applicant pools for positions at grades GS-13 and above that contain people in underrepresented groups.	92	95	87	76	77	91
Percent of public network applications availability	98.7	98.9	98.9	99.3	98.83	99.5

Goal 1: Managing the Government's Records

Our commitment to demonstrating leadership in ensuring the effectiveness and efficiency of Government records management was strengthened this year, specifically following an audit by the Government Accountability Office (GAO) released in the summer. The audit concluded that agencies need to improve records management of electronic records and that NARA needs to step up its oversight of agency electronic records management. Initiatives currently underway will answer many of GAO's concerns, and NARA will increasingly exercise oversight strategies such as inspections, surveys, and reporting to respond to GAO's recommendation for a more balanced records management program that provides guidance as well as ensuring compliance.

Our long range roadmap to redesign Federal records management practices, *Strategic Directions for Federal Records Management*, continues with the implementation of many of the initiatives of this plan now standard practice within NARA and Federal agencies. We surveyed Federal agency executives this year to assess how they view their own agency's records management programs as tools in mitigating risk for their agencies. We are analyzing the data and developing ways to better extend the survey in future years to improve the response rate.

We made substantial progress on the Archives and Records Center Information System (ARCIS), a system designed to electronically manage records storage and improve the efficiency of storage processes in support of our reimbursable Federal Records Center Program. This system will eventually allow customers to receive real-time, web-enabled access to information about their holdings and transaction information. This year, we successfully reached initial operating capability and deployed the system to our Mid-Atlantic region's FRC in Philadelphia.

Preparations continued for the largest volume of records in NARA's history – the George W. Bush Administration records. NARA hired and trained additional staff in preparation for the central role NARA will play in the transition of this administration's records to NARA on January 20, 2009. This early work enables us to know more about the records that represent exponentially more electronic Presidential and Vice Presidential holdings than any previous administration. To ensure the preservation of these records for historical, informational, and administrative purposes, this staff worked closely with White House and Vice Presidential staffs throughout the year. Storage facilities were located in Texas to serve as a temporary repository for the records until the George W. Bush Presidential Library is ready to house them.

Goal 2: Preserve and Process the Nation's Records

Our Strategic Plan directs us toward an aggressive goal to deal with our backlog of unprocessed records. Archival processing involves a series of steps that establish physical and intellectual control of records and culminates in describing records in our online catalog, making them easier and faster to locate for research. This backlog has been growing for decades as we accession records faster than we can process them. We took steps this year to scope the problem, examine and adjust our work processes, and figure out how to measure our progress.

Dealing with multiple classified equities between Executive Branch agencies makes our declassification efforts to meet Executive Order 12958, as amended, very complicated.

With the help of our stakeholders in all the Executive Branch agencies that create classified records, we furthered work on our collaborative National Declassification Initiative (NDI). The objective of this initiative is to provide an efficient and effective means of handling the referral of classified equities between the various equity holders.

The success of the National Declassification Initiative (NDI) is dependent on continued collaboration between NARA and the Federal agencies that comprise the declassification community. Reaching consensus on practices that are transparent and practical for all Federal agencies managing declassified processes has presented its challenges. For example, this year, NARA's agency partners in the NDI reduced resources dedicated to the quality assurance process. This led to decreased productivity in moving classified records through

Paul Chinn was touring the Public Vaults at the National Archives Building in Washington, DC, when he caught sight of a photo in a mural on the wall and realized it was a photo of his uncle, Ping Chinn. The photo is part of a citizenship application. Ping Chinn was born in China in 1913 and immigrated to the United States as a teenager. He settled in North Platte, NE, and applied for U.S. citizenship in 1945. His application for citizenship is now among the holdings of NARA's Central Plains Region in Kansas City.

Paul Chinn contacted his cousin Tom Chinn, of Sacramento, CA, who is Ping Chinn's son, and told him about the photo on display in the Public Vaults. Tom Chinn then contacted NARA, launching a correspondence with Jennifer Johnson of NARA's exhibits staff. Tom Chinn explained that his father had died in 1998 and that it meant a great deal to know that his citizenship document appears in a National Archives exhibit. "Your exhibit to me is his legacy," Chinn stated.

In March, Tom Chinn and his sister, Sue Sanders of Berkeley CA, visited the Public Vaults where Johnson presented each of them with a facsimile of their father's citizenship application.



Tom Chinn and Sue Sanders view a copy of their father's citizenship application on display in NARA's Public Vaults. (Photo by Cathy Farmer)

the process. The NDI conducted a training initiative that experienced mixed success. The purpose of the training initiative was to develop guidance for declassifying classified information common across all Government agencies and provide a forum for community-wide declassification training. We found that agreement within the declassification community is, at times, tenuous. Within our area of control, we are taking initial steps to develop a Declassification Guidance Web Application to host shared guidance within the declassification community.

We also scanned more than 500,000 pages of Presidential records as part of our Remote Archives Capture project, exceeding our goal.

We exceeded our preservation goals this year, treating or housing nearly 140,000 cubic feet, more than doubling our goal. Most of the records preserved were textual (paper) records. Our continued success in meeting our annual preservation goals ensures that these historical records will be preserved for future generations.

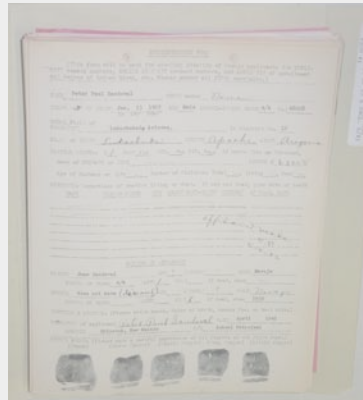
One of the most economical ways to preserve records is to ensure that they are housed in space that meets proper storage standards. We moved records out of a Kansas City facility that did not meet our standards to underground storage in Lenexa, Kansas, and completed the move of records from an old records center building to a new facility in Fort Worth this year.

Goal 3: Managing Electronic Records

The Electronic Records Archives (ERA) is our cutting-edge system that will capture electronic records and information, regardless of format, save them permanently, and make them accessible on whatever hardware or software is currently in use. This year we achieved a major milestone – initial operating capability of the ERA system for

A contract genealogist with the Army visited NARA's Regional Archives in Laguna Niguel, CA seeking information on a Korean War soldier whose remains were returned by North Korea. The soldier, tentatively identified as Peter Paul Sandoval, was a member of the Navajo Tribe and was captured during the war and died in a prison camp. In 1951 his family was informed that he was missing-in-action. The genealogist needed to contact the soldier's sister, because the Army requires a DNA sample from a female relative (or her descendants) to verify the identity of remains.

Archivist Gwen Granados reviewed Navajo tribal census records, draft registration records, school records, birth and death certificates, and tribal enrollment applications to help the researcher locate the soldier's sister. After a difficult search, Granados was able to determine that the woman was widowed and then remarried and changed her name. Armed with this new information the genealogist was able to contact the soldier's sister and her children, who are all eligible to donate DNA that may finally verify the identity of this soldier.

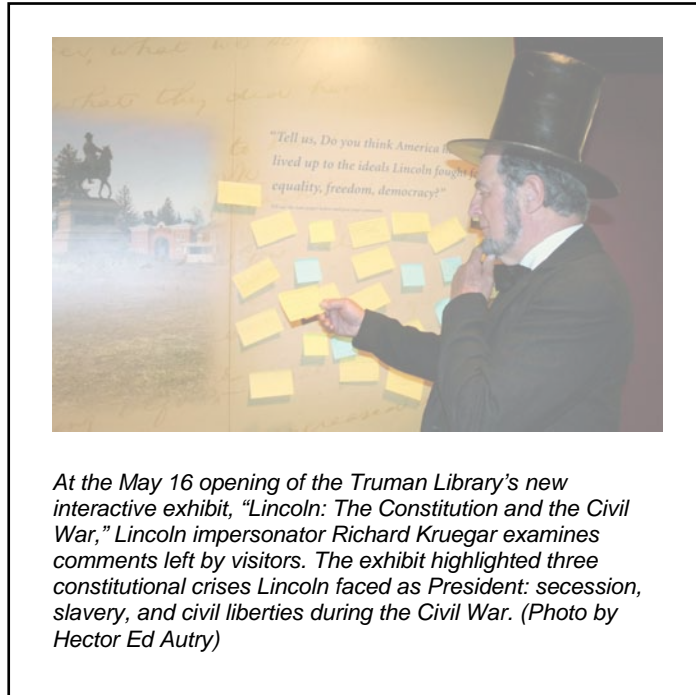


The Tribal Enrollment and Identification Form of Peter Paul Sandoval, listing his sister. Sandoval was missing-in-action during the Korean War, and his sister may be able to verify his remains. (Photo by Gwen Granados)

Federal records. We followed an incremental approach whereby smaller deliveries of the system were piloted and tested. This approach enabled quick identification and resolution of problems discovered during testing and enabled us to successfully meet our scheduled milestones.

With the Presidential transition occurring in January 2009, we are preparing to accept a vast number of electronic records into the National Archives for storage. We will use an instance of ERA, termed the Executive Office of the President (EOP) system, to take in the electronic records of

the George W. Bush Administration. We have conducted tests of pilot versions of the system and through collaborations with key stakeholders at NARA and at the White House, anticipate that this system will successfully meet users' needs on schedule.



At the May 16 opening of the Truman Library's new interactive exhibit, "Lincoln: The Constitution and the Civil War," Lincoln impersonator Richard Kruegar examines comments left by visitors. The exhibit highlighted three constitutional crises Lincoln faced as President: secession, slavery, and civil liberties during the Civil War. (Photo by Hector Ed Autry)

Goal 4: Providing Access to Records

We continued to add descriptions of our holdings to the Archival Research Catalog (ARC), our online catalog of NARA's nationwide holdings. We exceeded our target for having 60 percent of our holdings described in ARC this year. We described 64 percent of our traditional holdings, 61 percent of our artifact holdings, and 98 percent of our electronic holdings.

One indication of the quality and interest in the information we provide is the number of visitors to our web sites—nearly 38 million this year. To help us continue to improve our web services, we use information gathered in an online survey on our main public web site, *archives.gov*. This survey, which uses the American Customer Satisfaction Index, gives us valuable information from our customers and we use the results to make improvements to our site.

We continued developing new partnerships to help us make more of our archival holdings available online. These holdings will be described in our online catalog so that the public can locate them from one source, no matter where they may be hosted online. We collected public comment and published a set of guiding principles for use in future digitization partnerships to ensure that the public gets the best value and product from them.

We continued to provide outstanding customer service exceeding our FY 2008 targets in nearly every area. Ninety-four percent of the written requests we received from customers were answered within 10 working days, exceeding our goal of 91 percent. Eighty-nine percent of Freedom of Information Act (FOIA) requests for Federal records were completed within 20 working days, exceeding our target of 86 percent.

Goal 5: Increasing Civic Literacy

We value the feedback from customers as they visit our museums and attend museum programs. Since many of our visitors travel to several other museums located in Washington, DC, we appreciate knowing how their experience at the National Archives compares to other museums they may have visited. To capture this important information, we used the American Association of State and Local History Museums (AASLH) measurement instrument to survey our customers.

This year, we continued to offer workshops to inform the public and Federal agencies about the Federal regulatory process, educate federal employees about saving permanently valuable information, and teach the public – particularly teachers and students – about the many treasures we have in our holdings and their significance. We successfully launched the “Constitution-in-Action” lab for students in the Boeing Learning Center at the National Archives building in Washington, DC. We also pushed forward on an initiative to host community forums relating to issues of keen interest to the public. These include issues related to education, energy, health care, and immigration.

We worked on a number of activities aimed at bringing focus to the importance of citizenship, and promoting civic literacy. We hosted a number of public programs such as a day-long symposium titled “Lincoln and American Values”; and we sponsored an American Conversation Series with historical fiction author, E.L. Doctorow.

In the Presidential Libraries, outreach, education, and exhibits are generously supported by each Library’s respective Presidential Library Foundation. These partnerships have resulted in marquis programming such as the Truman Library’s White House Decision Center, and the Air Force One Discovery Center at the Reagan Library. Some of the special programs and exhibits this year included a new exhibit at the Kennedy Library titled “The Making of a President,” to coincide with the 2008 general election campaign; a new exhibit at the Johnson Library titled “To The Moon: The American Space Program in the 1960s,” timed with the celebration of President Johnson’s 100th birthday; and a Constitution Day event at the Hoover Library at which 82 candidates from 32 countries took the oath and became citizens that day. These are just a few of the many important



A NARA conservator carries out conservation treatment on a paymaster's account sheet related to General Custer. (Photo by NARA's Preservation Programs Staff)

ways we reach out to citizens across the country to teach and inform on a wide variety of topics.

Our Digital Vaults web site received numerous awards this year including *Time.com's* 50 Best Websites for 2008; The Scout Report Best of 2007-2008; and from STEP Inside Design as 2008 Best of the Web Judge's Selection. We often complement our museum exhibits with online counterparts, where visitors who are not able to physically visit our museums, can have a virtual experience through our websites.

Goal 6: Developing our Infrastructure

We continued our efforts to develop, diversify, and prepare our staff for the future. We also continued to work on tactics that will increase the number of people in our applicant pools that represent underrepresented groups. One way we expanded our outreach to potential future staff was through creating interesting job opportunities for student interns from the Hispanic Association of Colleges and Universities and the Washington Internships for Native Students programs. We hope that participants use these programs as stepping stones to permanent employment at the agency. We recently had an intern obtain a permanent position at NARA. Through programs like the HACU and WINS, the continuation of partnerships established last year, and concerted efforts at recruiting from underrepresented groups, we work toward our goal in which NARA demographically represents the Civilian Labor Force at all grade levels for the kind of work we do.

In our staff development activities, not only are we diligent in maintaining current staff development plans and performance plans that link to our strategic plan, we are initiating programs to ensure that our managers are fully equipped to manage NARA's current and future workforce. We have implemented development initiatives called assessment centers, where managers are assessed and provided specific feedback on areas for targeted development. We encourage the use of our online training system and have incorporated special features including management development courses and other management development materials.

Our efforts to strengthen our IT infrastructure continue to grow in importance, especially as use of the Internet becomes a primary way of providing services to our customers. While we offer tools for both our customers and staff to facilitate access to our holdings, programs, and services, the requirements for our network to remain accessible with reliable performance is one key area where we focus our attention. We anticipate a continued upward trend in public visits to our web sites as we digitize more of our holdings and create venues for customers to visit our facilities through a virtual world.

Linking Our Budget to Our Objectives

Our long-term objectives are tied directly to our budget. The chart below illustrates, by strategic goal and long-term objective, the resources allocated to each of these goals. (The resources obligated to each of these goals are shown in figure 3 on p. 34.) The chart also links the major budget functions to each of our long-term objectives.

National Archives and Records Administration
Performance and Accountability Report, FY 2008

NARA Goals and Long-Term Objectives (\$ and FTE allocated to each Goal)	Records Services	Archives – Related Services	Electronic Records Archives	Revolving Fund	Trust Fund	NHPRC	Repairs & Restoration
Goal 1: \$38,563,000 and 1,453 FTE							
1.1: By 2012, 85 percent of senior Federal agency managers view their records management program as a positive tool for risk mitigation.	✓						
1.2: By 2012, 90 percent of customers are highly satisfied with NARA records management services.	✓						
1.3: By 2012, the Federal Records Center Program annually retains 98 percent of its customers.				✓			
1.4: Within 30 days of the end of an administration, 100 percent of Presidential and Vice Presidential materials have been moved to NARA locations or NARA-approved facilities.	✓						
1.5: By 2009, 100 percent of our Continuity of Operations Plans (COOP) meet the requirements for viability.	✓						
1.6: By 2009, NARA has established a supportive partnership with FEMA in the national response to emergencies in 100 percent of FEMA regions.	✓					✓	
Goal 2: \$173,026,000 and 673 FTE							
2.1: By 2016, 85 percent of scheduled transfers of archival records are received at the scheduled time.	✓		✓				
2.2: By 2016, 95 percent of archival holdings have been processed to the point where researchers can have efficient access to them.	✓		✓				
2.3: By 2012, 90 percent of agency declassification reviews receive high scores as assessed by ISOO.	✓						
2.4: By 2016, NARA archival holdings of 25-year-old or older records are declassified, exempted, or referred under the provisions of Executive Order 12958, as amended.	✓						
2.5: By 2016, 100 percent of archival holdings are stored in appropriate space.	✓						✓
2.6: By 2009, 100 percent of NARA records center holdings are stored in appropriate space.				✓			
2.7: By 2016, less than 50 percent of archival holdings require preservation action.	✓						
Goal 3: \$72,814,000 and 95 FTE							
3.1: By 2016, 95 percent of archival electronic holdings have been processed to the point where researchers can have efficient access to them.	✓		✓				
3.2: By 2012, 80 percent of archival electronic records are preserved at the planned level of service.	✓		✓				
3.3: By 2016, the per-megabyte cost of managing electronic records decreases each year.			✓				
Goal 4: \$52,457,000 and 262 FTE							
4.1: By 2016, NARA customer service standards for researchers are met or exceeded.	✓						
4.2: By 2012, 1 percent of archival holdings are available online.	✓		✓				

National Archives and Records Administration
Performance and Accountability Report, FY 2008

NARA Goals and Long-Term Objectives (\$ and FTE allocated to each Goal)	Records Services	Archives – Related Services	Electronic Records Archives	Revolving Fund	Trust Fund	NHPRC	Repairs & Restoration
4.3. By 2016, 95 percent of archival holdings are described at the series level in an online catalog.	✓		✓				
4.4. By 2012, our web sites score at or above the benchmark for excellence as defined for Federal government web sites.	✓				✓		
Goal 5: \$23,207,000 and 194 FTE							
5.1. By 2016, our museums score in the top 10 percent of all history museums nationally according to industry measures.	✓				✓		
5.2. By 2016, 95 percent of exhibit, public outreach, and education visitors are highly satisfied with their visit experience.	✓			✓	✓		
Goal 6: \$31,718,000 and 161 FTE							
6.1. By 2016, 95 percent of employees possess the core competencies that were identified for their jobs.	✓	✓	✓	✓			
6.2. By 2016, the percentages of NARA employees in underrepresented groups match their respective availability levels in the Civilian Labor Force (CLF).	✓	✓	✓	✓			
6.3. By 2016, public network applications are available 99 percent of the time.	✓	✓	✓	✓			

Financial Highlights

Fiscal Year 2008 was the fifth year that NARA prepared and submitted to the Office of Management and Budget (OMB) and U.S. Congress consolidated financial statements in accordance with the Chief Financial Officers (CFO) Act. The financial statements presented in this report have been prepared from NARA's accounting records in accordance with the generally accepted accounting standards prescribed for Federal entities by the Federal Accounting Standards Board (FASAB), and presentation standards prescribed by OMB Circular A-136, *Financial Reporting Requirements*.

Sources of Funds

NARA's operations are funded through appropriated budget authority which includes annual, multi-year and no-year appropriations available for use within certain specified statutory limits. In addition, the National Archives Trust Fund, Gift Fund, and Revolving Fund revenues fund their respective operations.

FY 2008 budget authority from NARA's operating appropriation was \$411 million. We carried over \$16 million in multi-year and no-year funds available for obligation. Total appropriated budget authority for FY 2008 was \$427 million (see Figure 2).

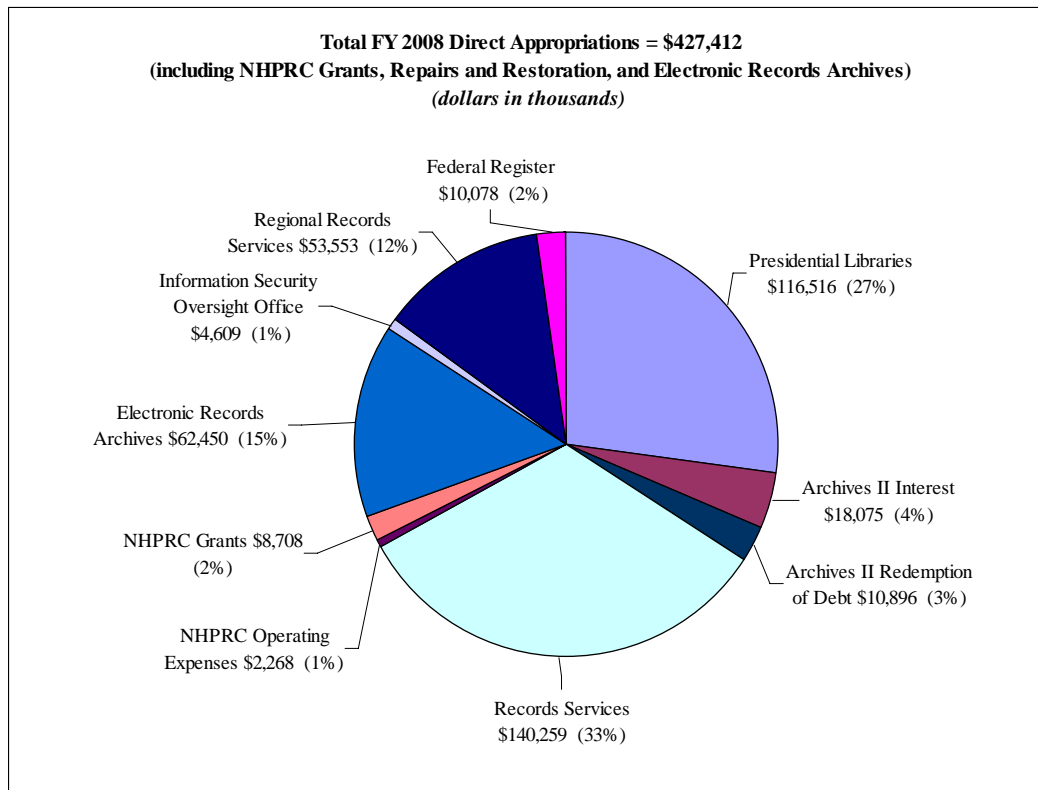


Figure 2. Appropriated Budget Authority, FY 2008

The major operating appropriation funds basic operations comprising records services, archives-related services, and the National Archives at College Park. Records services provides for selecting, preserving, describing, and making available to the general public, scholars, and Federal agencies the permanently valuable historical records of the Federal Government and the historical materials and Presidential records in Presidential Libraries; for preparing related publications and exhibit programs; and for conducting the appraisal of all Federal records. Archives-related services provides for the publications of the *Federal Register*, the *Code of Federal Regulations*, the *U.S. Statutes at Large*, and Presidential documents, and for a program to improve the quality of regulations and the public's access to them. The \$302 million cost of construction of the National Archives at College Park, which serves as a major archival facility as well as the center for NARA's administrative offices, was financed by Federally-guaranteed debt issued in 1989. Annually, the Archivist seeks appropriations for the payment of interest and redemption of that debt.

In addition to the general operating expenses appropriation, NARA receives other appropriations that are more specific. The Electronic Records Archives appropriation funds NARA's effort to ensure the preservation of and access to Government electronic records. The repairs and restoration appropriation funds the repair, alteration, and improvement of archives facilities to provide adequate storage for holdings. The National Historical Publications and Records Commission program provides grants to state, local, and private institutions to preserve and publish records that document American history. Figure 2 demonstrates the allotment of total available appropriated funds.

The National Archives Trust Fund and Presidential Library Trust Funds budget authority includes revenues generated from the sale of publications, museum shop sales, paper reproductions, audio visual reproductions, library admissions, educational conferences, and interest income. Expenditures are made for the cost of museum shop inventory, personnel, operational and financial systems, equipment, and reproduction supplies. The National Archives Trust Fund and Presidential Library Trust Funds earned revenue of \$18 million in FY 2008.

The Gift Fund's budget authority includes donations and interest earned on those gifts and endowments. It was established to administer incoming gifts and bequests for the benefit of, or in connection with, the archival and records activities of the National Archives and Records Administration. Expenditures are made for various programs, including historical research, conferences, archival and cultural events, and publications. In FY 2008, the gift fund received donations of \$0.5 million.

The Revolving Fund's budget authority includes revenue generated from the temporary Federal agency records stored in NARA service facilities. It provides storage, transfer, reference, re-file, and disposal services, for a standard fee. The Revolving Fund earned revenue of \$142 million, after intra-entity eliminations, in FY 2008.

Uses of Funds by Function

NARA incurred new general fund obligations of \$393 million in FY 2008. Of this, \$2.5 million is for reimbursable work. The chart below represents obligations by strategic goals.

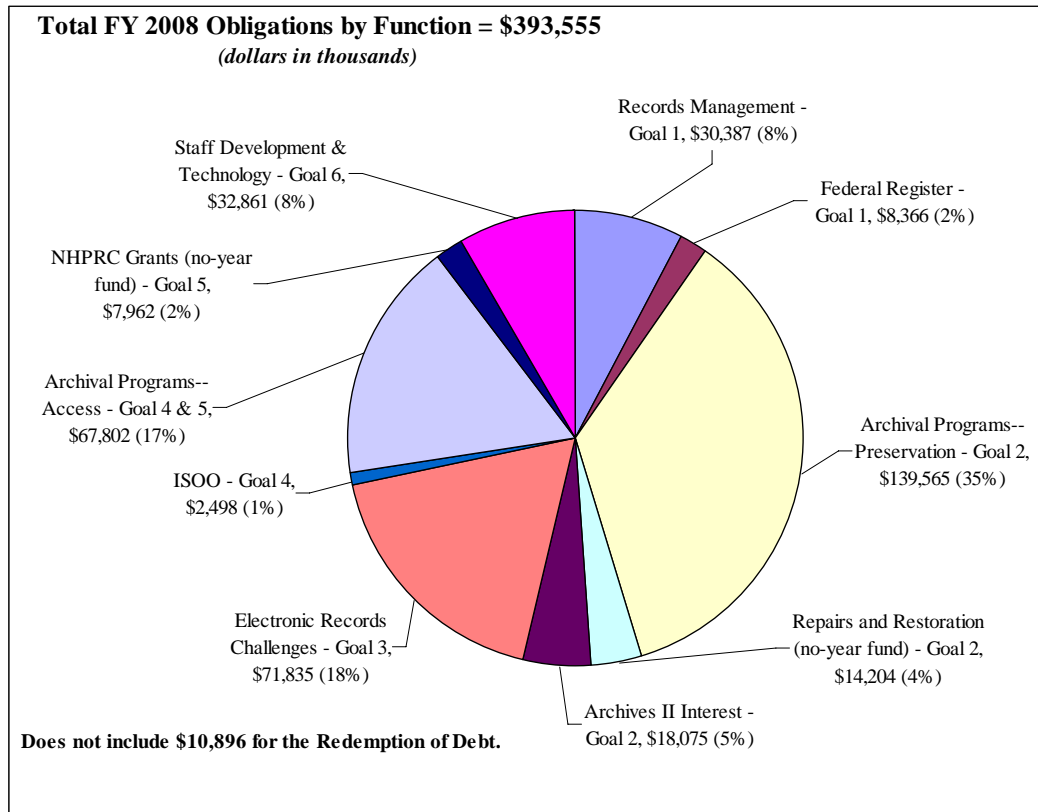


Figure 3. Obligations by Function, FY 2008

Audit Results

NARA received an unqualified audit opinion on its FY 2008 and FY 2007 financial statements. The auditors identified one significant deficiency, formerly reportable condition, in Information Technology.

Financial Statement Highlights

NARA’s financial statements summarize the financial activity and financial position of the agency. The financial statements, footnotes, supplementary information, and supplementary stewardship information appear in Part III - Financial Section. An analysis of the principal statements follows.

Analysis of the Balance Sheet

ASSETS: NARA’s assets were \$675.6 million as of September 30, 2008, an increase of \$79.1 million from the end of FY 2007. The majority of this increase resulted from an increase in the annual appropriations and capitalization of software in development costs for ERA project. The assets reported in NARA’s balance sheet are summarized in the accompanying table.

Asset Summary (in millions)	FY 2008	FY 2007
Fund balance with Treasury and cash	\$213.1	\$176.0
General property, plant, and equipment, net	415.9	377.9
Investments	31.5	30.3
Accounts receivable, net	13.0	10.3
Inventory	1.1	1.0
Other	1.0	1.0
Total assets	\$675.6	\$596.5

The fund balance with Treasury and cash represents approximately 31.5 percent of total assets. Property, plant, and equipment constitute 61.6 percent of total assets, with the National Archives Facility at College Park representing the greater part of the balance.

LIABILITIES: NARA's liabilities as of September 30, 2008 amounted to \$279.1 million. A decrease of \$8.5 million from the end of FY 2007 is due mainly to scheduled repayments of Debt held by the public during the year. The liabilities reported in NARA's balance sheet are summarized in the accompanying table.

Liabilities Summary (in millions)	FY 2008	FY 2007
Debt held by the public	\$205.9	\$216.8
Accounts payable	32.5	35.9
Other	40.7	34.9
Total liabilities	\$279.1	\$287.6

Debt held by the public accounts for approximately 73.8 percent of total liabilities and represents certificates of participation issued to the public through a trustee to cover the construction costs of the National Archives at College Park. Liabilities totaling \$227.4 million, or 81.5 percent of total liabilities, were unfunded, i.e., budgetary resources were not yet available. For most unfunded liabilities, budgetary resources will be made available in the years balances are due, in accordance with OMB funding guidelines. The major elements of unfunded liabilities are \$205.9 million for debt held by the public, \$12.1 million for workers' compensation, and \$9.4 million for unfunded annual leave.

NET POSITION: The difference between total assets and total liabilities is net position of \$396.5 million as of September 30, 2008. The increase of \$87.6 million from FY 2007 year-end balance is due mainly to the increase in budget authority in FY 2008 and the capitalization of FY 2008 expenditures for the ERA software development project.

The net position reported in NARA's balance sheet is summarized in the accompanying table.

Net Position Summary (in millions)	FY 2008	FY 2007
Unexpended appropriations	\$147.7	\$108.6
Cumulative results of operations	248.8	200.3
Total net position	\$396.5	\$308.9

Unexpended appropriations is the amount of authority granted by Congress that has not been expended. *Cumulative results of operations* reflects funding of capital needs of the agency since NARA's inception and net results of the revolving fund operations.

Analysis of the Statement of Net Cost

The statement of net cost presents the net cost of NARA's six major programs. NARA's net cost of operations for the year ended September 30, 2008, was \$336.7 million. The increase of \$30.1 million in the net cost of operation is due largely to the higher operating costs, such as utilities and rent, and major restoration projects at the libraries, especially the Johnson and Nixon libraries in FY 2008.

Net costs by program are shown in the accompanying table.

Net Cost of Operations (in millions)	FY 2008	FY 2006
Records and archives-related services	\$306.9	\$282.3
Trust and gift funds	(3.9)	(1.9)
Electronic records archives	9.9	7.1
National historical publications and records commission grants	5.5	5.7
Archives facilities and presidential libraries repairs and restoration	11.3	4.6
Records center storage and services	7.0	8.8
Net cost of operations	\$336.7	\$306.6

Analysis of the Statement of Changes in Net Position

The statement of changes in net position reports the change in net position during the reporting period. Net position is affected by changes in its two components – Cumulative Results of Operations and Unexpended Appropriations. The increase in net position of \$87.6 million from FY 2007 to FY 2008 comprises the increase in cumulative results of operations of \$48.5 million and an increase in unexpended appropriations of \$39.1 million. The overall increase resulted from an increase in budget authority in FY 2008 and higher expenditures for capital needs of the organization, the largest being ERA development activity described above.

Analysis of the Statement of Budgetary Resources

The statement of budgetary resources presents the sources of budgetary resources and their status at the end of the period, as well as demonstrates the relationship of

obligations to outlays. For FY 2008, NARA had budgetary resources available of \$644 million, an increase of 10 percent over \$587 million in FY 2007. The majority of the increase resulted from new budget authority.

Debt Management

The Bureau of Public Debt (BPD) and the General Services Administration (GSA) assist NARA with the management of employee debts. NARA contracts with GSA for payroll services. Under this cross-servicing agreement, GSA tracks employee debts and pursues delinquent debts from NARA employees through salary offset and administrative wage garnishment. NARA has a cross-servicing agreement with BPD for accounting services. In compliance with the Debt Collection Improvement Act of 1996, BPD actively pursues delinquent non-Federal claims and, upon request by NARA, transmits delinquent claims to the U.S. Department of the Treasury Financial Management Service (FMS) for collection cross-servicing.

Erroneous Payments Management

NARA does not have any high risk programs, as defined by OMB and the Improper Payments Information Act, or programs and activities that meet the \$10 million and 2.5-percent threshold established by the Office of Management and Budget as a definition of significant erroneous payments.

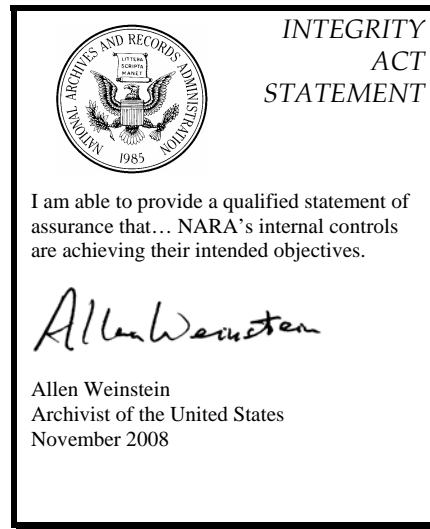
Systems, Controls, and Legal Compliance

This section provides information about NARA's compliance with the

- Federal Manager's Financial Integrity Act
- Federal Information Security Management Act
- Federal Financial Management Improvement Act
- Prompt Payment Act
- Inspector General Act

Federal Managers' Financial Integrity Act

The Federal Managers' Financial Integrity Act mandates that agencies establish controls that reasonably ensure that (i) obligations and costs comply with applicable law; (ii) assets are safeguarded against waste, loss, unauthorized use, or misappropriation; and (iii) revenues and expenditures are properly recorded and accounted for. This act encompasses operational, program, and administrative areas, as well as accounting and financial management. It requires the Archivist to provide an assurance statement to the President on the adequacy of internal controls and conformance of financial systems with Government-wide standards. (See Section 4 for NARA's FY 2008 FMFIA Report.)



Internal Controls Program

NARA's internal controls worked to ensure the attainment of our mission and FY 2008 goals, maintain efficient operations, and reduce fraud and the misuse of taxpayer-provided resources. NARA managers submitted an annual assurance statement, along with an internal control plan, to the Archivist of the United States at the end of the fiscal year. These statements were based on various sources and included

- Management knowledge gained from daily operation of programs
- Management reviews
- Program evaluations
- Audits of financial statements
- Reviews of financial systems
- Annual performance plans and periodic performance reporting to the Archivist

- Senior Staff reviews and briefings
- Internal oversight groups for agency programs
- Monthly reporting in NARA's Performance Measurement Reporting System
- Reports and other information provided by the congressional committees of jurisdiction

In addition, audits and reviews performed by the Office of Inspector General (OIG) and the Government Accountability Office reviewed the agency's internal controls and led to improvements in them.

FY 2008 Internal Controls

NARA evaluated its internal control systems for the fiscal year ending September 30, 2008. This evaluation provided reasonable assurance that, except for three material weaknesses, the agency's internal controls achieved their intended objectives. No material weaknesses in internal controls over financial reporting have been identified this year or in the past year by management assessments or the independent auditors.

Pursuant to Section 2 of the Integrity Act, we identified a material weakness in our holdings security program in FY 2001. We have made progress in our actions to remedy the holdings security weakness, but still have substantive work to accomplish. In FY 2008, we declared a material weakness related to NARA's Information Technology (IT) Security Program. New this year, we are acknowledging a material weakness in artifact inventory processes at our Presidential Libraries. NARA will continue to address significant deficiencies in the areas of our preservation program and textual records processing. Details on these weaknesses are found in Section 4 of this report under Federal Managers' Financial Integrity Act Report.

Federal Information Security Management Act

The Federal Information Security Management Act (FISMA) requires Federal agencies to conduct an annual self-assessment review of their information technology security program, to develop and implement remediation efforts for identified security weaknesses and vulnerabilities, and to report to OMB on the agency's compliance.

Following established FISMA requirements, our review indicated no new significant deficiencies in NARA's FY 2008 FISMA report, submitted October 1, 2008, to OMB.

Federal Financial Management Improvement Act

As an Accountability for Tax Dollars Act (ATDA) agency, NARA is not subject to the requirements of FFMLA, per OMB bulletin #07-04, *Audit Requirements for Federal Financial Statements*.

Prompt Payment Act

As our financial service provider, the Bureau of the Public Debt processes payments for NARA in accordance with the Prompt Payment Act and submits quarterly prompt pay statistics on our behalf.

Inspector General Act

In FY 2008 NARA satisfied 65 percent of the remaining audit recommendations opened in audits between FY 2003 and FY 2007 (18 recommendations remain for closure), and 24 percent of audit recommendations opened during this fiscal year (excluding 29 recommendations that were issued on September 29). We are committed to resolving and implementing open audit recommendations presented in OIG reports. Section 5(b) of the Inspector General Act requires agencies to report on final actions taken on OIG audit recommendations. This information is included in the Archivist's transmittal of the OIG semi-annual report to Congress.

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202-357-5400

National Archives at College Park
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Washington National Records Center
4205 Suitland Road
Suitland, MD 20746
301-778-1600

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650-238-3500

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907-261-7800

**NARA-National Personnel
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Ronald Hindman, *Director*

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NARA-National Personnel
Records Center
(Military Personnel Records)
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St. Louis, MO 63132
314-801-0800

Herbert Hoover Library
Timothy G. Walch, *Director*
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West Branch, IA 52358
319-643-5301

Franklin D. Roosevelt Library
Cynthia Koch, *Director*
4079 Albany Post Road
Hyde Park, NY 12538
845-486-7770

Harry S. Truman Library
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816-268-8200

Dwight D. Eisenhower Library
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Abilene, KS 67410
785-263-6700

**John Fitzgerald Kennedy
Library**
Thomas Putnam, *Director*
Columbia Point
Boston, MA 02125
617-514-1600

**Lyndon Baines Johnson
Library**
Betty Sue Flowers, *Director*
2313 Red River Street
Austin, TX 78705
512-721-0200

**Richard Nixon Presidential
Library and Museum**
Timothy Naftali, *Director*

Maryland Office
National Archives at College
Park
8601 Adelphi Road
College Park, MD 20740
301-837-3290

California Office
18001 Yorba Linda Blvd.
Yorba Linda, CA 92886
714-983-9120

**Gerald R. Ford Library and
Museum**
Elaine K. Didier, *Director*

Gerald R. Ford Library
1000 Beal Avenue
Ann Arbor, MI 48109
734-205-0555

Gerald R. Ford Museum
303 Pearl Street, NW
Grand Rapids, MI 49504
616-254-0400

Jimmy Carter Library
Jay E. Hakes, *Director*
441 Freedom Parkway
Atlanta, GA 30307
404-865-7100

Ronald Reagan Library
Duke Blackwood, *Director*
40 Presidential Drive
Simi Valley, CA 93065
805-577-4000

George Bush Library
Warren Finch, *Director*
1000 George Bush Drive West
P.O. Box 10410
College Station, TX 77845
979-691-4000

William J. Clinton Library
Terri Garner, *Director*
1200 President Clinton Avenue
Little Rock, AR 72201
501-374-4242

Copies of This Report

This report is available on our web site at –

www.archives.gov/about/plans-reports/performance-accountability/

Links are provided to both the full report (Management’s Discussion and Analysis [MD&A], Performance and Financial sections, and Other Accompanying Information) as well as the summary report (MD&A and auditor’s report). Also located on that page are links to our Strategic Plan, annual performance plans, and past performance reports.

Copies of this report also may be obtained by electronic request via the form at –

www.archives.gov/contact/inquire-form.html

or by writing to National Archives and Records Administration, Policy and Planning Staff, 8601 Adelphi Road, Room 4100, College Park, MD 20740-6001. Please specify whether you are interested in the summary report or the full report. Also, we welcome your comments on how we can improve this report for FY 2009. Please e-mail any comments to Vision@nara.gov.

Other Web Pages of Interest

Reports, Strategic Documents, Messages from the Archivist: Find the latest information regarding our mission, vision, and strategic initiatives.	<i>www.archives.gov/about/</i>
The National Archives Experience: Participate in an interactive, educational experience about the power of records in a democracy.	<i>www.archives.gov/national-archives-experience/</i>
Archival Holdings: Find records of interest in Washington, DC, the regional archives, and Presidential libraries.	<i>www.archives.gov/research/arc/</i>
Presidential Libraries: Explore the history of our nation through the leaders who helped shape the world.	<i>www.archives.gov/presidential-libraries/</i>
Public Documents: By law, the U.S. Government Printing Office and the Office of the Federal Register at NARA partner to publish and disseminate the official text of Federal laws, Presidential documents, administrative regulations and notices, and descriptions of Federal organizations, programs and activities.	<i>www.gpoaccess.gov/nara/ <i>www.archives.gov/federal-register/</i> <i>www.gpoaccess.gov/ecfr/</i></i>
Careers at NARA: Review current job openings and learn how to apply.	<i>www.archives.gov/careers/</i>
Visit NARA: Learn how to prepare for a research visit, about facility hours and locations, and more.	<i>www.archives.gov/research/</i>
Prologue Magazine: Keep up to date on NARA activities through its quarterly journal. View selected articles and subscribe online.	<i>www.archives.gov/publications/prologue/</i>

SECTION 2 PERFORMANCE SECTION

Measuring and Reporting Our Performance

This annual performance report is based on the goals, strategies, and long-range performance objectives set forth in our 2006 Strategic Plan and the annual objectives in our FY 2008 Performance Budget. The following pages detail our performance on our FY 2008 objectives. Checked boxes indicate those we fully achieved. Those we did not fully achieve have open boxes with an explanation below. We also included relevant performance results and trend information. Our budget links to the report's performance goals. We received no aid from non-Federal parties in preparing this report.

We used four mechanisms to measure actual performance: (1) periodic management reviews, (2) formal audits of operations, (3) expansion and refinement of our performance measurement system, and (4) systematic sampling of measurement system effectiveness. For ten years, we have collected agency-wide data in our Performance Measurement and Reporting System (PMRS). This system allows us to define and consistently measure data critical to the analysis of our performance objectives. Every year we improve and expand the system further so that our strategic performance is measured using a balanced scorecard approach for tracking cycle times, quality, productivity, cost, and customer satisfaction for our products and services. This report also updates some of our prior year statistics that we corrected because of these improvements. These ongoing refinements indicate that this report, our annual plans, and our Strategic Plan are living documents and an integral part of our operations.

Our performance measurement system, which we continuously work to improve, takes advantage of web infrastructure to collect performance data from the more than 70 organizational units that send data to PMRS from all over the country. We also use robust, enterprise-level databases to store the data and generate reports, instead of high-maintenance desktop databases previously used. As a result, we are able to collect our performance data more consistently and more efficiently and store much more data for use in analyzing trends. We have leveraged this technology and operationally integrated data collection to create a performance measurement database that serves the entire agency and is the single strategic performance data source for the agency.

Our program management system (PROMT) helps us control the cost and schedule for the Electronic Records Archives (ERA) program and other programs. PROMT integrates several commercial off-the-shelf program management tools in a Windows-based web environment to help us schedule and link project activities, assign resources, collect and report costs, calculate earned value, and analyze impacts and risks to the ERA program. PROMT incorporates an EIA-748 compliant tool that meets Office of Management and Budget (OMB) and Government Accountability Office (GAO) requirements for calculating earned value.

FY 2008 Performance by Strategic Goal

Strategic Goal 1: Our Nation's Record Keeper

As the nation's record keeper, we will ensure the continuity and effective operations of Federal programs by expanding our leadership and services in managing the Government's records

**Long-Range
Performance Targets**

- 1.1 By 2012, 85 percent of senior Federal agency managers view their records management program as a positive tool for risk mitigation.
- 1.2 By 2012, 90 percent of customers are highly satisfied with NARA records management services.
- 1.3 By 2012, the Federal Records Center Program annually retains 98 percent of its customers.
- 1.4 Within 30 days of the end of an administration, 100 percent of Presidential and Vice Presidential materials have been moved to NARA locations or NARA-approved facilities.
- 1.5 By 2009, 100 percent of our Continuity of Operations Plans (COOP) meet the requirements for viability.
- 1.6 By 2009, NARA has established partnerships with FEMA to support 100 percent of its regions in the national response to emergencies.

FY 2008 Resources Available to Meet This Goal: \$38,563,000; 1,453 FTE

1.1 FEDERAL RECORDS MANAGEMENT

FY 2008 Objectives

- Survey senior Federal agency managers to assess their view of their records management programs as a positive tool for risk mitigation.
- Conduct two records management studies.

Results

- ✓ We surveyed General Counsels, Chief Financial Officers, and Chief Information Officers to assess their views of their agency records management programs as positive tools for risk mitigation.
- ✓ We conducted a recordkeeping study and a flexible scheduling study to identify and validate best practices.

Discussion We continue to use NARA’s FY 2003 issuance of *Strategic Directions for Federal Records Management* to enhance our relationship with agencies to support their records management programs. Many of the strategies described in this guide – training and certification, flexible scheduling, targeted assistance, general records schedules, guidance and regulations, advocacy, custody, appraisal, resource allocation – are now part of our standard business practices. In FY 2006, we surveyed a small group of agency Chief Information Officers to understand how Federal agency managers view the role of agency records management programs. After analyzing this data, we broadened our reach in FY 2008 and targeted the survey at General Counsels, Chief Financial Officers, and Chief Information Officers within a selected group of agencies. Our goal was to evaluate whether senior Federal executives, though familiar with the value of records management programs, view their agency’s records management programs as tools for risk mitigation. Preliminary analysis indicated a low response rate from our target audience, which may hinder our ability to draw statistically valid conclusions. We are analyzing the methodology used to conduct the survey to determine ways to improve future response rates and are looking for recurring ideas that we can cull from the limited data we did receive.

We also conducted two records management studies. We followed our 2007 Records Management Application (RMA) study with a subsequent analysis of how agencies in headquarters and field offices are managing their e-mail records using electronic records management technologies. We plan to share the lessons learned and best practices that we uncover from this analysis with our agency customers.

In addition, during this period, GAO conducted an evaluation of NARA and issued a report (GAO-08-742) entitled “Federal Records – National Archives and Selected Agencies Need to Strengthen E-Mail Management.” The purpose of GAO’s study was to evaluate and understand practices agencies follow to identify and manage e-mail that meets the criteria of a Federal record. In this report, GAO recommended that NARA exercise its statutory authority, as defined in the Federal Records Act, and implement oversight mechanisms to ensure that agencies follow records management guidelines when managing their e-mail records.

Finally, we conducted a flexible scheduling study among nine agencies, including NARA. The purpose of the study was to understand the effectiveness of flexible scheduling and obtain information that we can use to assist agencies with writing better flexible schedules. We held interviews with study participants to assess the successes and challenges experienced by agencies using flexible and “big-bucket” schedules. These agencies were among the first to implement the new scheduling concepts and receive approved flexible schedules. These approaches offered alternative ways for agencies to schedule agency records based on business lines identified in the Federal Enterprise Architecture’s Business Reference Model; mission and program functions within a Federal department or agency; or groupings of related subjects and/or work processes shared by agencies. We have not yet published the findings from this report.

Performance Data	2006	2007	2008
<i>Performance target for percent of senior Federal agency managers who view their records management programs as a positive tool for asset and risk management.</i>	–	–	<i>Establish baseline</i>
Percent of senior Federal agency managers who view their records management programs as a positive tool for risk mitigation.	81*	–	64

**The FY 2006 survey was limited to Chief Information Officer responses. The FY 2008 survey included General Counsels, Chief Financial Officers, and Chief Information Officers.*

FY 2009 Performance Plan Evaluation We will finalize the survey report and analyze the survey responses for recurring, consistent feedback and consider ways to encourage participation in future surveys. We are preparing to implement the recommendations identified in the GAO report – to exercise our oversight authority – by first developing a methodology and process for conducting and reporting agency oversight activities. We also plan to conduct another records management study.

1.2 NARA RECORDS MANAGEMENT SERVICES

FY 2008 Objectives

- ☑ Increase by 10 percent the number of records management training participants who are taking a NARA records management course for the first time.
- ☑ Assess effectiveness of flexible schedules for agencies and NARA.

Results

"This will be beneficial on the job- these are my daily duties, and I now have a better understanding."

- ✓ We increased the number of records management training participants who are taking a NARA records management course for the first time by 20 percent.
- ✓ We assessed the effectiveness of flexible schedules to understand how NARA can assist agencies in developing better flexible schedules.

Discussion NARA's ability to provide agency records managers and records management staff with tools to assist them in identifying and managing their records is critical to ensuring that important records documenting the rights of citizens, the actions of the Federal government, and information of historical relevance, is not lost. This year, we expanded our training curriculum to engage a broader audience in understanding the importance of records management. We trained more than 6,300 Federal staff, 2,500 of them identified as first time attendees, exceeding our target for the year. With the introduction of a new course, *Emergency Planning and Response for Vital Records and Essential Information*, we have been able to reach broader audiences with an aim to train all Federal records managers, operational staffs, and new records management personnel who generate the records vital to Government operations. During FY 2008 alone, we taught this new course 21 times nationwide. Also, in FY 2008, a number of agencies requested copies of the NARA online course – *Records Management for Everyone* – to mount on their internal training web sites. The Department of Labor required many of their employees and contractors, more than 18,000, to complete the training. We continue to see an interest in our professional certification program with more than 300 agency personnel certified in FY 2008, and nearly 900 since the program's inception in FY 2005.

We attribute the increased attention to records management to our communication efforts in advocating records management to agency senior Federal managers, through bi-monthly discussion groups, meetings with the Federal Records Council, and the partnerships we establish with our records management staff and the agencies. We also believe that the emphasis on continuity of operations and protection of vital records has

increased awareness of the importance of records management in the Federal Government.

We assessed the effectiveness of flexible schedules for agencies and NARA (*see discussion of the records management study in 1.1*). We learned that the main challenge faced by agencies is the need for detailed guidance to assist staff and agencies to develop, appraise, implement, or monitor flexible schedules. As a result, we are developing new Frequently Asked Questions (FAQs) to provide additional information to agencies working with flexible schedules.

Performance Data	2004	2005	2006	2007	2008
<i>Performance target for percent increase in the number of Federal agency customers that are satisfied with NARA records management services.</i>	–	–	10	10	–
Percent of Federal agency customers that are satisfied with NARA records management services.*	–	57	78	80	81
<i>Performance target for percent increase in the number of records management training participants who are taking a NARA records management course for the first time.</i>	10	10	10	10	10
Percent of records management training participants taking a NARA records management course for the first time.	11	32	35	42	40
Number of records management training participants who are taking a NARA records management course for the first time.	442	1,069	1,484	2,122	2,553
Number of Federal agency staff receiving NARA training in records management and electronic records management.	4,166	3,366	4,234	5,047	6,318
Number of records management training participants that NARA certified this year.	–	45	275	269	310
Median time for records schedule items completed (in calendar days).	253	372	334	284	315
Average age of schedule items completed (in calendar days).	332	339	374	452	443
Number of schedule items completed.	3,182	4,248	3,884	2,983	3,282
Number of open schedules in the backlog.	315	379	363	433	569

**The 2005 and 2006 surveys only asked about satisfaction with NARA scheduling and appraisal services. The 2007 survey expanded questions to all of NARA's records management services.*

FY 2009 Performance Plan Evaluation We will look at ways to attract more first time participants to our records management training programs. We plan to identify and implement distance-learning techniques to broaden our customer base and draw in first time participants through this method as well. We will survey our existing Federal agency customers to understand their satisfaction with NARA records management services.

1.3 FEDERAL RECORDS CENTER PROGRAM

FY 2008 Objectives

- Increase the number of cubic feet stored by the Federal Records Center Program (FRCP) by 1 percent.
- Make ready 96 percent of Federal agency reference requests within the promised time.

- Answer 75 percent of written requests to the National Personnel Records Center within 10 working days.
 - Achieve initial operating capability of the Archives and Records Center Information System (ARCIS) at three records centers.
- Results**
- ✓ The Federal Records Center Program (FRCP) experienced an annual volume increase in its holdings of 3.8 percent.
 - ✓ We provided 97 percent of reference requests to Federal agency customers within the promised time.
 - ✓ Our customers received answers to 74 percent of their written requests to the National Personnel Records Center within 10 working days.
 - ✓ We completed implementation activities of the Archives and Records Center Information System (ARCIS) at one records center to prepare for initial operating capability.

Discussion NARA's reimbursable Federal Records Center Program (FRCP) plays a vital role in the lifecycle of Federal records. Federal agency customers have access to a host of services designed to assist them with the transfer, storage, and service of their non-current records. We experienced a nearly 4 percent increase in the annual volume of records stored this year. Fluctuations in the annual volume of records stored in FRCs occur for various reasons. Changes in volume do not always reflect retirement of agency records to the FRC, but can also vary because records previously prohibited from disposal due to a court order, for example, become eligible for disposal. However, taken together with stable customer retention, we view increasing volume as a positive indicator for business. The FRCP retained 100 percent of their customers in FY 2008, and exceeded our target to make ready Federal agency reference requests within the promised time.

We fell short of our target to respond to written requests to the National Personnel Records Center within ten working days. This year, we experienced a 10 percent increase in the volume of requests and adjusted our resources to manage the demand.

Proper management of our storage areas is key to ensuring that records in our FRCs remain accessible when needed. We made substantial progress on the Archives and Records Center Information System (ARCIS), a system designed to electronically manage records storage and improve the efficiency of storage processes. This system will eventually allow customers to receive real-time, web-enabled access to information about their holdings and transaction information. This year, we were able to reach initial operating capability and deploy the system to our Mid-Atlantic regions FRC in Philadelphia. We will use the lessons learned from the initial deployment to implement ARCIS at nearly all of the remaining FRCs in FY 2009.

National Archives and Records Administration
Performance and Accountability Report, FY 2008

As more Federal records are created and managed in electronic formats, NARA is responding by providing economical and effective electronic records services at our records centers. We recently began servicing the Department of Army's electronic Official Military Personnel Files after several years of negotiating for this opportunity. Our improved performance in recent years was a significant factor in the Army's decision to grant approval.

Performance Data	2004	2005	2006	2007	2008
<i>Performance target for percent of customers retained by Federal Records Centers annually.</i>	—	—	—	98	98
Percent of customers retained by FRC's annually.	—	—	—	100	100*
Number of customers (agreements) served annually.	—	—	—	142	250
Number of new customers (agreements) per year.	—	—	—	3	0
<i>Performance target for percent increase in cubic feet of holdings stored by Federal Records Center Program.</i>	—	—	—	—	1
Percent increase in cubic feet of holdings stored by Federal Records Center Program.	—	—	2	1.7	3.8
<i>Performance target for percent of Federal agency reference requests ready within the promised time.</i>	90	95	95	95	96
Percent of Federal agency reference requests ready within the promised time.	96	97	98	97	97
<i>Performance target for customers with appointments for whom records are waiting at the appointed time.</i>	99	99	99	99	99
Percent of customers with appointments for whom records are waiting at the appointed time.	99.3	99.4	99.8	99.9	99.9
<i>Performance target for percent of written requests to the National Personnel Records Center answered within 10 working days.</i>	—	—	—	75	75
Percent of written requests to the NPRC answered within 10 working days.	56	59	67	65	74
Number of written requests to the NPRC answered within 10 working days (in thousands).	564	606	739	740	854
Number of written requests for civilian records to the NPRC answered within 10 working days (in thousands).	167	162	179	174	167
Number of written requests for military records to the NPRC answered within 10 working days (in thousands).	397	444	559	566	687
Number of written requests to the NPRC answered (in thousands).	1,005	1,031	1,108	1,136	1,149
<i>Performance target for requests for military service separation records at the NPRC answered within 10 working days.</i>	70	95	95	95	—
Percent of requests for military service separation records at the NPRC answered within 10 working days.	75	88	91	90	95
Number of military service separation records (DD-214) requests answered (in thousands).	372	352	442	475	506
Percent of requests for all military service records at the NPRC in St. Louis answered within 10 working days.	48	52	61	59	72
Average price per request for military service separation records.	\$29.70	\$29.70	\$29.70	\$29.70	\$30.10

**In FY 2007, the customer count excluded customers with annual billings less than \$10K. In FY 2008, the bar was lowered and customer count includes customers with annual billings in excess of \$5K.*

FY 2009 Performance Plan Evaluation We will continue to improve our customer service by increasing the percent of times we have agency reference requests ready within the

promised time. We will provide answers to written requests to the National Personnel Records Center within ten working days. We expect an increase in volume in our FRCs because of continued improvements in performance and we will survey our customers at the National Personnel Records Center to establish an understanding of current satisfaction levels. The deployment of ARCIS to nearly all of the FRCs will occur throughout the year.

1.4 PRESIDENTIAL TRANSITIONS

FY 2008 Objectives

- ☑ Hire additional staff for George W. Bush Presidential Library.
- ☑ Procure leased space for temporary storage of George W. Bush Administration records.
- ☑ Gather inventories or other information about Presidential and Vice Presidential traditional and electronic records and artifacts to aid in preparation for their relocation from Washington, DC, to the project site or ingestion into NARA's electronic records system.

Results

- ✓ We hired and transferred staff to support the preparation and move of records of the George W. Bush Administration.
- ✓ We selected and leased a temporary storage facility in Lewisville, TX, to house the George W. Bush Administration records.
- ✓ We fully engaged with offices within the White House and other Federal agencies involved with gathering, migrating, and transferring Presidential and Vice Presidential traditional records, electronic records, and artifacts from the White House to NARA by January 20, 2009.

Discussion In January 2009, NARA will become the custodian of the records and artifacts documenting the Presidential Administration of George W. Bush. The volume of records, both paper and electronic, will be significantly higher than all previous collections of Presidential records. To prepare for the work ahead, NARA hired a supervisory archivist, four Library archivists and an administrative officer, in addition to transfers of internal staff to support the end of the George W. Bush Administration activities and to prepare for the movement of materials to the Bush Project facility prior to construction of the new Presidential Library. We detailed several of our archivists to various components of the White House to gain an understanding of the types of records and learn about the organizations creating the records. We continued our work with White House technical staff to gain insight into the technical characteristics of Presidential electronic systems to prepare for a successful migration of electronic records at the end of the Administration. NARA Presidential Library staff were immersed in various aspects of the transition process, including participation in briefings on

Presidential and Vice Presidential e-mail; participation on technical teams to ensure we had the necessary background information for electronic records; coordination with external agencies to ensure the availability of courtesy storage, reference services, and security for the records and artifacts; and attaining approval for the early movement of records and artifacts. NARA staff will provide management oversight during the move of the materials to the temporary storage site in Lewisville, Texas.

Preparation of the temporary site required both demolition and rebuilding efforts. With much planning and logistical coordination, we installed furniture, shelving and IT equipment in order to have the facility ready for occupancy at the end of FY 2008. Management of the records and artifacts will continue at the temporary facility until we complete construction of the George W. Bush Library at Southern Methodist University.

FY 2009 Performance Plan Evaluation We will continue hiring and training new staff. We will begin to move records and artifacts at the beginning of FY 2009 to the new temporary storage site. We will continue to gather inventories and other information about Presidential and Vice Presidential records and artifacts to prepare for a successful migration and transfer of Bush Presidential and Cheney Vice Presidential records and artifacts by January 20, 2009.

1.5 CONTINUITY OF OPERATIONS

FY 2008 Objectives

- Achieve 100 percent viability on developed NARA Continuity of Operations Plans.
- Develop COOP templates for NARA facilities.
- Establish NARA Headquarters and Federal Register regional COOP sites.
- Upgrade physical access control system at College Park.
- Manage 85 percent of the documents submitted for publication in the Federal Register using eDOCS.
- Issue Federal Information Processing Standard (FIPS) 201-1 Federal Identity Credentials to occupants of the National Archives Building.

Results

- ✓ We established, tested, and validated an alternate continuity facility at Rocket Center, WV, to perform basic unclassified Continuity and Emergency Incident Management operations.
- ✓ We adopted a COOP Plan template for agency-wide use based on testing of the COOP plan during the National Level Continuity Exercise.
- ✓ We established a COOP site for NARA Headquarters and the Federal Register for

performance of basic daily emergency and continuity incident management operations in an unclassified environment.

- ✓ We upgraded the physical access control system in College Park to comply with HSPD-12.
- ✓ We managed 92 percent of Federal Register documents in eDOCS and fully replaced the legacy system.
- ✓ We issued Federal Identity Credentials (FICS) to all National Archives employees in Washington, DC.

Discussion Continuity of Operations Plans (COOP) are required to ensure that agencies and facilities can continue to perform essential functions under a broad range of circumstances. The requirements for viability of these plans are spelled out in Federal Continuity Policy and include ongoing exercises of the plans and frequent assessments. This year, we established an alternate continuity facility in Rocket Center, WV. As did other agencies, we participated in a National Level Continuity Exercise which included NARA executives, senior managers, and supervisors to simulate responses and coordination in emergency situations. This exercise served as a test of our COOP plan. We achieved success in our ability to perform unclassified continuity and emergency incident management operations, however, long procurement lead times for secure encryption equipment for fully redundant secure interoperable communications capability left us short of our objective to achieve 100 percent viability on our NARA Continuity of Operations plans.

Following the exercise, we received an assessment report that rated the status of our continuity program, plans, and procedures against criteria and continuity requirements outlined in the Federal Continuity Directive 1. We used the feedback from the assessment to develop a corrective action program improvement plan where specific actions are assigned to members of our Continuity and Emergency Working Group. These corrections have also been applied to NARA's COOP plan. Using NARA's COOP plan as the model, we developed and adopted a COOP plan template for agency-wide use. We will also continue to pursue efforts to achieve secure communications, complete data networking and establish continuity capability to produce the Federal Register in FY 2009.

Homeland Security Presidential Directive 12 requires all Federal agencies to issue Federal Identity Cards (FICs) that comply with the standards contained in FIPS 201-1. This year we leased equipment from GSA and established three NARA credentialing centers to process Federal employees for FICs. The credentialing centers were established at both the National Archives buildings in Washington, DC, and College Park, MD, as well as at the National Personnel Records Center in St. Louis, MO. NARA staff without access to these facilities visited local GSA offices or affiliates equipped to prepare the cards. We completed the issuance of FICs to NARA staff in Washington, DC; however, minor processing issues delayed our completion of this project at the other sites. The delays have since been resolved and card issuance will resume in early FY 2009.

The Office of the Federal Register continues its transition to an electronic work environment. The Electronic Editing and Publishing System (eDOCS) enables agencies to electronically submit digitally-signed, legal documents to our office. Using the digital signature capability, offices can eliminate the use of paper during the entire process and experience efficiencies and cost savings. More than 1,000 offices and 300 Federal departments and agencies send documents from all over the United States to us for publication in the *Federal Register*. We process an average of 150 documents each day. We exceeded our goal of 85 percent, managing an average of 92 percent of the documents submitted for publication electronically, and reaching 100 percent at the end of the fiscal year.

Performance Data	2004	2005	2006	2007	2008
<i>Performance target for percent of developed NARA Continuity of Operations Plans that achieve viability.</i>	–	–	–	100	100
Percent of NARA Continuity of Operations Plans that achieve viability.	–	0	0	0	0
Number of approved continuity of operation plans.	–	3	3	3	3
<i>Performance target for percent of documents Office of the Federal Register manages electronically using eDOCS.</i>	–	50	75	75	85
Percent of documents Office of the Federal Register manages electronically using eDOCS.	9	22	59	81	92
Number of documents managed electronically using eDOCS.	3,032	7,066	18,316	24,849	28,683
Number of digitally-signed, legal documents submitted using eDOCS.	3,032	4,142	3,258	5,672	6,651

FY 2009 Performance Plan Evaluation We will continue to establish our COOP site with the procurement and implementation of interoperable communications capability and IT infrastructure needed for a classified environment. We will continue with the issuance of FIC cards to NARA personnel to meet Federal Government standards. We will manage 100 percent of the documents submitted for publication in the *Federal Register* using eDOCS.

1.6 RECORDS IN THE NATIONAL RESPONSE TO EMERGENCIES

FY 2008 Objectives Establish a supportive partnership in the national response to emergencies in 80 percent of FEMA regions.

Results We established collaborative relationships with FEMA counterparts in 80 percent of FEMA regions.

Discussion In response to lessons learned from Hurricanes Katrina and Rita, NARA established in its Strategic Plan a “First Preserver” role to promote the preservation of government records during times of disaster. This year we continued to foster relationships that will enable us to manage and preserve Federal records in times of disaster.

In FY 2007, a draft of the National Response Framework Emergency Support Function #11 recognized records as natural and cultural resources and historic properties (NCH) resources. This framework, now in its final form, defines NARA’s role to provide preservation, scientific/technical, archival and records management advice, and

information to help secure and prevent or minimize loss following a disaster of government records and archival materials that define and protect citizen rights and government obligations and document our national experience. In addition, NARA's role entails providing information and advice for the stabilization, security, logistics, and contracting for recovery services of these government records.

We offered the NARA "Vital Records" curriculum in 80 percent of our regions this year and periodically collaborated with FEMA to teach and address the vital records components of FEMA courses.

Performance Data

	2005	2006	2007	2008
<i>Performance target for percent of FEMA regions in which we have established a supportive partnership in the national response to emergencies.</i>	—	—	50	80
Percent of FEMA regions in which we have established a supportive partnership in the national response to emergencies.	—	—	60	80

FY 2009 Performance Plan Evaluation We will continue our efforts in developing partnerships with FEMA staff across the country. We will offer emergency planning and vital records training sessions in each of the NARA regions.

Strategic Goal 2: Preserve and Process

We will preserve and process records to ensure access by the public as soon as legally possible.

**Long-Range
Performance Targets**

- 2.1 By 2016, 85 percent of scheduled transfers of archival records are received at the scheduled time.
- 2.2 By 2016, 95 percent of archival holdings have been processed to the point where researchers can have efficient access to them.
- 2.3 By 2012, 90 percent of agency declassification reviews receive high scores as assessed by the Information Security Oversight Office (ISOO).
- 2.4 By 2016, NARA archival holdings of 25-year-old or older records are declassified, exempted, or referred under the provisions of Executive Order 12958, as amended.
- 2.5 By 2016, 100 percent of archival holdings are stored in appropriate space.
- 2.6 By 2009, 100 percent of NARA records center holdings are stored in appropriate space.
- 2.7 By 2016, less than 50 percent of archival holdings require preservation action.

FY 2008 Resources Available to Meet This Goal: \$173,026,000; 673 FTE

2.1 ACCESSIONING RECORDS

FY 2008 Objectives

- 10 percent of archival electronic records transfers arrive at NARA on time.
- Establish a baseline for archival records transfers arriving at NARA on time.
- Identify and schedule 10 percent more Federal agency electronic records than were scheduled in FY 2007.

Results

- ✓ Our Federal agency customers transferred archival electronic records to NARA on schedule 40 percent of the time.
- ✓ We issued a letter to Federal agencies identifying electronic records for transfer in FY 2008.

- ✓ We identified and scheduled more than 30 percent of the Federal agency electronic records than were scheduled in FY 2007.

Discussion In prior fiscal years, we developed a set of criteria, procedures and a handbook for identifying functional areas within the Government with the greatest records management challenges. We used this information to help us establish priorities for assisting Federal agencies with records management. We established criteria that helped focus our attention on records at greatest risk of not being managed properly. These are records that document citizens’ rights and Government accountability, and historically valuable information for future generations.

Building on the scheduling emphasis in FY 2007 where we worked with Federal agencies to schedule their electronic records, based on risk assessment criteria, we focused our efforts on scheduling the electronic systems of Chief Financial Officers Act agencies in FY 2008. We focused our appraisal staff in both headquarters and the regions on assisting agencies with scheduling their electronic records for the impending September 2009 deadline of complying with section 207(e) of the E-Government Act of 2002. This year we surpassed our goal to identify and schedule electronic systems (30 percent more than last year’s rate) and our goal to have these records transferred (40 percent of targeted scheduled items actually transferred to NARA). The scheduling of Federal agency electronic records ensures that permanent electronic records will transfer to NARA on a regular basis and in an acceptable format to be stored and accessed through ERA. It also ensures that those electronic records not deemed historically valuable will still be retained for a sufficient period of time to ensure legal rights and government accountability.

Performance Data	2006	2007	2008
<i>Performance target for percent of archival electronic records transfers arriving at NARA on time.</i>	—	5	10
Percent of archival electronic records transfers arriving at NARA on time.	—	—	40
<i>Performance target for percent increase in number of Federal agency electronic records series scheduled than prior year.</i>	—	10	10
Percent increase in number of Federal agency electronic records series scheduled than prior year.	10	33	30
Number of Federal agency electronic records series scheduled.	1,001	1,332	1,746

FY 2009 Performance Plan Evaluation We will continue working with agencies to identify Federal electronic records that need to be scheduled, and encourage Federal agencies to send their scheduled electronic records to NARA when they are due for transfer. We plan to expand this measure to all archival holdings.

2.2 PROCESSING RECORDS
FY 2008 Objectives

- ☑ Increase by 10 points the percent of archival holdings that have been processed to the point where researchers can have efficient access to them.
- ☑ Study processing efficiencies in Presidential Libraries and regional archives and develop capability to measure.

Results

- ✓ We increased by 10 points the percentage of archival holdings that have been processed to the point where researchers can have efficient access to them in our Washington, DC, facilities.
- ✓ We studied processing efficiencies in Presidential Libraries and regional archives and established measurement methodologies to collect data in FY 2009.

Discussion Archival processing involves all the steps needed to open a record to the public. It includes establishing basic intellectual control, flagging records that have privacy or national security classifications, providing enhanced descriptions of the records content as well as the context in which the records were created, and performing initial preservation so that we can serve the records to the public. We met our goal to develop the capability to measure processing progress for archival holdings held outside the Washington, DC area and will implement this capability in FY 2009.

Although we met this year's target to increase processed archival holdings in the Washington, DC, area available for access to researchers by 10 percentage points, keeping up with new accessions while addressing the backlog will continue to be a challenge. We have streamlined our business processes to process holdings more efficiently, and adjusted resources to support this initiative; however, we will continue to confront challenges in meeting our processing targets. Some of those challenges include staff retirements and staff development time. Current staff are documenting their processes for the purpose of training future staff.

Processing Presidential records is central to the operations of Presidential Libraries and key to making Presidential records available to the public. With the combined requirements of the Presidential Records Act, the Freedom of Information Act (FOIA), and applicable Executive Orders, the archival processes for Presidential records vary significantly from the processes used to make Federal records available to the public. Within our Presidential Library system, responding to FOIA requests has been the primary mode for processing Presidential records. Various complexities, such as multiple reviews to ensure the nondisclosure of personal privacy information, affect the efficiency of processing electronic records. We have implemented several steps to streamline the review process and reduce FOIA backlogs to simplify electronic records processing. We have developed the capability to measure systematic processing at the Libraries beginning in FY 2009.

We anticipate the challenges ahead of us in accessioning and processing the George W. Bush Presidential records. These challenges include an expected higher volume of traditional records than those from the William J. Clinton Administration, and a substantially higher volume of electronic records than the combined total of all previous collections of electronic Presidential records, to name a few. Steps we have taken to mitigate these challenges include the development of an Executive Office of the President (EOP) instance of our ERA system. This system will ingest the Bush electronic Presidential records at the end of the Administration into a consistent system environment and allow for standardized search and access capabilities. We anticipate that this system will allow greater efficiency in managing special access requests (pre-FOIA requests) for electronic records.

Performance Data	2004	2005	2006	2007	2008
<i>Performance target for percentage point increase in the number of archival holdings that have been processed to the point where researchers can have efficient access to them.</i>	–	–	–	<i>Establish baseline</i>	30
Percentage point increase in the number of archival holdings that have been processed to the point where researchers can have efficient access to them.	–	–	–	21*	33*

**Data reported in 2007 and 2008 reflect only Washington, DC, area work.*

FY 2009 Performance Plan Evaluation We will continue to assess how changes in processing operations can improve processing productivity. We will implement processing measurement capabilities in areas outside of Washington, DC. In our Presidential Libraries, we will hire additional staff to augment current staffs to reduce the backlog and increase systematic processing. We will use the EOP instance of ERA to ingest the electronic records of the George W. Bush Administration and continue to process White House tapes to open collections to the public.

2.3 GOVERNMENT-WIDE DECLASSIFICATION

FY 2008 Objectives

- Develop a program for assessing declassification reviews by Federal agencies with substantial declassification programs.
- Test the scoring tool in all agencies with substantial declassification programs.
- Develop recommendations for declassification programs to improve their scores.

Results

- ✓ We developed a program to assess declassification reviews conducted by Federal agencies. We established a system of issuing notifications to assist agencies in improving their programs.
- ✓ We developed and tested a scoring tool in Federal agencies with substantial declassification programs.
- ✓ We developed and communicated recommendations for agency declassification programs to improve their scores.

Discussion- The Information Security Oversight Office (ISOO), administered by NARA, oversees the Executive branch-wide security classification program under Executive Order 12958, as amended. ISOO conducts general oversight of agency declassification programs on an annual basis and reports to the President on its status. ISOO’s oversight includes agency actions to declassify, exempt, exclude, refer, or delay specific records under the automatic declassification provisions of the Executive Order 12958, as amended.

In FY 2008, ISOO developed a program to improve our oversight of agency declassification review programs. The program is designed to evaluate agency decisions, identify best practices, and provide agencies with constructive recommendations to improve their programs. We were able to meet each of our targets as we moved toward improving agency declassification programs.

We developed an assessment plan and conducted several trials to formulate and revise our research methodology. ISOO assessed 22 agencies in FY 2008 and used this information to update and refine the assessment plan. We developed a preliminary scoring methodology and refined it throughout FY 2008. We used the finalized scoring tool to measure the results of agency actions and used this data to develop initial scores for agency declassification programs. Scoring agency programs is not without its challenges. Measuring and scoring agencies consistently presents challenges influenced by the various types of records in different agencies, the volume of records, the equities, sensitivities, and declassification review methods. We will address these scoring challenges in FY 2009.

These reviews highlighted the agencies' needs for consistent direction and resulted in the decision by ISOO to issue periodic notifications that would focus on ways to assist agencies in improving their programs. We developed and coordinated five notices in FY 2008.

Performance Data	2004	2005	2006	2007	2008
<i>Performance target for percent increase in number of agency declassification reviews that receive high scores as assessed by ISOO.</i>	–	–		–	<i>Establish baseline</i>
Number of agency declassification reviews that receive high scores as assessed by ISOO.	–	–	–	–	8
Number of agency declassification reviews assessed by ISOO.	–	–	–	–	22
Number of pages declassified government-wide (in millions of pages)	24.6	25.5	34.8	34.4	TBD
Per page cost of Government-wide declassification	\$1.96	\$2.14	\$1.26	\$1.30	TBD
Total cost of declassification Government-wide (in millions of dollars)*	\$48.3	\$57.0	\$44.0	\$44.7*	TBD

**Total cost and page figures exclude those of the intelligence agencies that report their costs as classified.*

FY 2009 Performance Plan Evaluation The variables that affect how individual agencies conduct their declassification review programs is a determining factor that ISOO will consider as they refine the scoring methodology used to assess and rate agencies declassification programs. ISOO will continue to issue formal notifications that seek to improve the classified national security information program by disseminating consistent guidance to agencies on a periodic basis.

2.4 NARA DECLASSIFICATION

FY 2008 Objectives

- ❑ Complete quality assurance process for 7,500 cubic feet of records and make available for the Interagency Referral Center.

- Implement the National Declassification Initiative to collaboratively work with agencies on resolving their equities in NARA's Federal record classified holdings.
 - Index 3.75 million pages of Federal records in the Interagency Referral Center.
 - Scan 500,000 pages of Presidential records eligible for declassification review as part of the Remote Archives Capture Project.
- Results**
- ✓ We completed the quality assurance process for 3,072 cubic feet of security classified documents that have been referred to one or more equity holding agencies prior to their availability to the Interagency Referral Center.
 - ✓ We implemented a National Declassification Initiative; however, challenges prevail in working collaboratively with agencies to resolve their equities in NARA's Federal record classified holdings.
 - ✓ More than 521,000 pages of Federal records met quality assurance standards and were indexed in the Interagency Referral Center.
 - ✓ As part of the Remote Archives Capture Project, we exceeded our target and scanned 518,873 pages of classified Presidential records eligible for declassification review.

Discussion Under Executive Order 12958, as amended, agencies are directed to review and resolve their equities in security classified documents over 25 years old that have been referred to them by other agencies. We established the National Declassification Initiative (NDI) to provide an efficient and effective means of handling the referral of classified equities between Executive branch entities, with the ultimate goal of transparency and proper access. NARA chairs this group of interagency personnel that performs a quality assurance function to ensure that classified information is not released to the public. This year, we did not meet our goal to complete the quality assurance process and make 7,500 cubic feet of records available to the Interagency Referral Center. We met only 41 percent of our target, although of those completing the QA process, 86 percent passed review. These data indicates that while there are improvements in the quality of the reviews, productivity is not at the level we anticipated. We noted several challenges that affect the rate at which records pass quality assurance. These challenges include the size of the collection or grouping. For example, smaller collections or groupings of classified records yield more accurate agency reviews than larger groupings. Larger groupings typically require re-sampling or remediation, and at times,

remediation requires review of each box within a container. Other challenges included lower than anticipated resource availability to support the quality assurance function and the loss of physical space due to facility enhancements extending beyond the anticipated timeframe.

NARA indexes the records into the Interagency Referral Center to provide a systematic way for agencies to review their equities among classified documents. This process is designed to enable equity holding agencies to accomplish their missions, while protecting permanently valuable Federal records and preventing unauthorized release of classified information. The volume of records that successfully pass through quality assurance directly affects the number of pages indexed. The low volume of records successfully passing quality assurance significantly impacts our success in indexing pages. We indexed 14 percent of what we had planned for FY 2008.

The success of the National Declassification Initiative (NDI) is dependent on collaboration between NARA and the Federal agencies that comprise the declassification community. Reaching consensus on practices that are transparent and practical for all Federal agencies managing declassified processes has presented its challenges. For example, this year, NARA's agency partners in the NDI reduced resources dedicated to the quality assurance process. This led to decreased productivity in moving classified records through the process. The NDI conducted a training initiative that experienced mixed success. The purpose of the training initiative was to develop guidance for declassifying classified information common across all Government agencies and provide a forum for community-wide declassification training. We found that agreement within the declassification community is, at times, tenuous. Within our area of control, we are taking initial steps to develop a Declassification Guidance Web Application to host shared guidance within the declassification community.

For classified materials in the Presidential Library system for which we do not have delegated declassification authority, we have established a partnership with the Central Intelligence Agency (CIA) called the Remote Archives Capture (RAC) project. We are working in partnership with the CIA and other classifying agencies in the Government to declassify materials held in the Presidential Libraries using the RAC project. We use this vehicle to scan classified materials held by the Presidential Libraries throughout the country. The documents are captured in digital format and reviewed for declassification in Washington by primary classifying agency for review and declassification of their equities. The equity declassification review is transmitted to a CIA center. The CIA center subsequently provides the Library with its declassification decisions. We successfully scanned 518,873 pages of Presidential records eligible for declassification, exceeding our goal of 500,000 pages. State Department historians working on the *Foreign Relations of the United States* series have used the RAC project to review Carter Administration records scanned and available for declassification review in the Washington, DC, area. To expedite declassified RAC scanned records to researchers, we worked with the CIA to purchase unclassified computers for each of the Libraries receiving RAC deliveries. Finally, we made major changes to the way we measure our declassification work from prior years to more accurately and comprehensively cover declassification at NARA, recent initiatives, and E.O. 12958, as amended.

Performance Data	2004	2005	2006	2007	2008
<i>Performance target for annual number of pages indexed through the Interagency Referral Center (in millions)</i>	—	—	—	3.75	3.75
Annual number of pages indexed through the Interagency Referral Center (in millions)	—	—	—	3.99	0.52

National Archives and Records Administration
Performance and Accountability Report, FY 2008

Performance Data	2004	2005	2006	2007	2008
Backlog of pages of Federal records eligible for declassification at start of year (in thousands of pages).	–	–	–	–	420,050
Backlog of pages of Presidential materials at start of year (in thousands of pages).	806	668	218	218	218
Annual number of Federal pages* declassified (in thousands).	116	35	89	374	260
Annual number of Presidential pages* declassified (in thousands).	94	94	89	194	80
<i>Performance target for annual number of Presidential pages scanned (in thousands).</i>	300	300	500	500	500
Annual number of Presidential pages scanned (in thousands).	500	563	506	512	519
Cost per page declassified (Federal and Presidential).**	\$24.29	\$27.60	\$25.28	\$8.45	TBD

*Statistics prior to FY 2008 represent the pages NARA reviewed that are more than 25 years old for which NARA has declassification authority. This is a subset of overall NARA declassification work. FY 2008 statistics represent overall NARA declassification work.

** Declassification costs are derived from annual reports submitted to ISOO and reported to the President in the following year.

FY 2009 Performance Plan Evaluation Access and use of agency personnel resources within the declassification community to assist with quality assurance, reduction of the classified records backlog, and guidance development will continue to challenge our efforts. Agency cooperation is essential in identifying records subject to the various declassification deadlines set in E.O. 12958, as amended, as well as helping us resolve impediments in meeting these deadlines. We will continue scanning pages of Presidential records eligible for declassification review and plan to release two million pages of Federal records for declassification.

2.5 ARCHIVAL HOLDINGS IN APPROPRIATE SPACE

FY 2008 Objectives

- Move a portion of Nixon artifact holdings from College Park to Nixon Library.
- Implement National Archives Building flood prevention measures.
- Install fire protection sprinklers in the Eisenhower Museum.
- Finalize plan for upgrades to the Regional Archives in Chicago, Seattle and San Bruno.
- Award construction contract for mechanical improvements at the Carter Library.
- Purchase land and award construction contract for Kennedy Library site work.
- Award construction contract for Nixon Library expansion.

Results

- ☑ Support GSA in procurement activities for new National Personnel Records Center.
- ✓ We shipped a portion of the Head of State gifts from the Nixon collection in College Park, Maryland to the Nixon Library in Yorba Linda, California.
- ✓ We began implementation of several flood prevention measures at the National Archives.
- ✓ We deferred the installation of fire protection sprinklers at Eisenhower Museum until FY 2009.
- ✓ We finalized plans for design work for facility improvements to regional archives in San Bruno, CA, Seattle, WA, and Waltham, MA.
- ✓ We awarded a contract for mechanical improvements at the Carter Library.
- ✓ We received approval for the sale of land from UMass Trustees and the state of Massachusetts for the addition to the Kennedy Library.
- ✓ We awarded the contract to expand the Nixon Library in preparation for receipt of documents stored in College Park, MD.
- ✓ We assisted GSA in the procurement activities for the new National Personnel Records Center.

Discussion: NARA experienced a damaging flood at the National Archives building in Washington, DC, in FY 2006. Damage occurred in the moat, the sub-basement, and some parts of the basement level, as well as in the William McGowan Theater. We conducted an engineering study into the causes of the flood and proposed mitigation measures in FY 2007. Based on the study, we selected two flood mitigation measures to prevent damage from future floods. We have completed the first measure, to install cofferdams and watertight doors on the moat electrical vaults. The second measure, to install floodgates at the moat entrances, is pending final approval from the National Capital Planning Commission and the Commission of Fine Arts.

Delays in the installation of fire protection sprinklers in the Eisenhower Museum result from several challenges. Currently, a temporary exhibit restricts access to areas where work is required. The exhibit will be on display through March 2009, which postpones completion of this effort until June.

We need to expand the Nixon Presidential Library to accommodate the move of all documents currently being housed in College Park, MD. Last year, we completed a design for an addition adjacent to the existing library. In FY 2008, we awarded a construction contract with construction scheduled for completion in FY 2010.

Performance Data	2004	2005	2006	2007	2008
Percent of NARA archival holdings in appropriate space	52	53	57	80	86
Number of archival traditional holdings (in thousands of cubic feet)	3,100	3,167	3,299	3,349	3,731
Percent of artifact holdings in appropriate space	42	42	42	42	40
Number of artifact holdings (in thousands)	540	543	544	544	582
Percent of electronic holdings in appropriate space	100	100	100	100	100
Number of electronic holdings in appropriate space (in millions of logical data records)	3,238	4,041	4,611	4,737	5,522
<i>Performance target for cost of compliant archival storage space per cubic foot of traditional holdings stored (adjusted for inflation).</i>	–	–	–	\$5.78	\$5.84
Cost of archival storage space per cubic feet of traditional holdings stored	\$6.11	\$6.48	\$6.65	\$6.20	\$5.85

FY 2009 Performance Plan Evaluation We will continue to focus on maintaining storage facilities that meet archival requirements while keeping costs for archival storage as low as possible.

2.6 NARA FEDERAL RECORDS CENTER HOLDINGS IN APPROPRIATE SPACE

FY 2008 Objectives

- Complete 100 percent of the move from Bannister Road facility.
- Complete certification of new records center facility in Fort Worth, Texas.
- Complete certification of 2 records center facilities that meet storage standards.
- Complete a lease agreement to construct a National Personnel Records Center Annex for temporary records.
- Complete a lease agreement to construct a records center storage facility in Denver.

Results

- ✓ We moved over 580,000 cubic feet of holdings from the Bannister Road facility to an existing underground storage site in Lenexa, Kansas.
- ✓ We completed air quality, temperature, and relative humidity tests to complete certification of a new records center facility in Fort Worth, Texas.
- ✓ We completed partial facility certifications for both the Lee’s Summit and Lenexa facilities.
- ✓ We completed a lease agreement to construct a National Personnel Records Center Annex for

temporary records.

- ✓ We completed a real estate study of the Colorado market to determine the delineated area for the new records center storage facility.

Discussion: NARA consolidated records from our Bannister Road records center facility in Kansas City to our facility in Lenexa, KS. Our Lenexa facility is a cost-effective, underground storage facility with opportunity for expansion. In addition, Lenexa is undergoing modifications to bring the facility into compliance with federal records storage requirements. We are reusing shelving from the Bannister facility and rehousing in the Lenexa facility, saving more than \$100,000 over the cost of purchasing new shelving. More than 580,000 cubic feet of records were moved from Bannister Road to Lenexa.

NARA continued activities to bring our records storage facilities into compliance. We achieved success in having our new records center facility in Fort Worth, Texas certified. We identified and corrected problems at both our Lenexa and Lee’s Summit sites to bring these facilities into compliance. Certification of both of these facilities is scheduled for FY 2009.

We completed a lease agreement and began construction of the National Personnel Records Center Annex for temporary records. Occupancy is planned in early FY 2009.

NARA has plans to replace the Federal Records Center facility in Denver, CO with a new, leased facility. The current facility cannot be cost-effectively brought into compliance with 36 CFR 1228 Subpart K storage standards for Federal records. The Denver facility is one of the last to be replaced and the effort faces numerous challenges. For example, we conducted an in-depth study of potential relocation sites because of Denver’s high real estate market. The study helped us determine the delineated area for the new facility. We are now working to develop requirements and timelines for the new facility. We expect the award of a lease for a new facility to occur in FY 2009.

Performance Data	2004	2005	2006	2007	2008
Percent of NARA records center facilities certified as meeting the 2009 regulatory storage standards	0	9	9	29	33
Volume of records center holdings (cubic feet in millions).	24.1	24.6	25.1	25.6	26.6
Storage price per cubic foot for records center holdings.	\$2.16	\$2.16	\$2.28	\$2.28	\$2.40

FY 2009 Performance Plan Evaluation Our Federal Records Center Program continues to assess infrastructure needs for Federal temporary records and develop compliant storage solutions as necessary. We will complete certification of remaining records centers that have met the storage standards.

2.7 PRESERVATION
FY 2008 Objectives

- ☑ Appropriately treat or house 60,000 cubic feet of NARA’s at-risk archival holdings so as to slow further deterioration.
- ☑ Complete the inventory and rehousing of a cumulative 100 percent of OMPFs (from 2005

transfer).

- Develop business plan for transitioning from analog methods and workflows to digital methods and workflows.
- Identify and procure digitization equipment and IT support for analog-to-digital transition.
- Deploy initial operating capability of Holdings Management System to initial set of users.

Results

- ✓ We successfully treated and housed 138,076 cubic feet of at-risk holdings to minimize further deterioration.
- ✓ We completed the inventory and rehousing of a cumulative 100 percent of OMPFs (from 2005 transfer) several months ahead of schedule.
- ✓ We made substantial progress in our efforts to develop a business plan to transition from analog methods and workflows to digital methods and workflows.
- ✓ We identified and procured digitization equipment and IT support for analog-to-digital transition.
- ✓ We developed a prototype of the Holdings Management System to define and refine user requirements.

Discussion: We regularly assess our archival holdings to ensure their preservation for as long as possible. We must preserve holdings in a variety of formats and media, such as, paper records, motion pictures, audio recordings, videotapes, still photography, microfilm, maps, and artifacts. We regularly assess their preservation needs, provide storage conditions that retard deterioration, and treat, duplicate, or reformat records at high risk for loss or deterioration. Our at-risk records include acetate-based still photography and microfilm, brittle and damaged paper records, and audio recordings that require obsolete equipment, to name a few. We made significant strides in the past year and exceeded our goal by more than 120 percent to successfully treat and preserve these holdings.

We also exhibited substantial progress in our efforts to gain intellectual control of important records documenting Americans' military service to the nation. These records include World War I US Navy and US Marine Corps records previously stored in an archival annex in St. Louis. We completed the inventory and rehousing of this important collection of records seven months ahead of schedule and plan to make the index available through our online catalog.

Other compelling reasons drive our decision-making process in managing at-risk records. The replacement of analog media and equipment to digital counterparts is the impetus behind our need to migrate to newer technologies. Analog tools are difficult to obtain, repair, or replace. We expect that within five years, very few products, such as photographic and other analog special media products will even be available. To address these issues, we established a digital coordination team to develop a plan to migrate from analog to digital formats and technologies. We initiated a business process re-engineering effort to identify and document current processes and recommend changes to these processes to take full advantage of digitization. In addition, we purchased digitization equipment for our preservation labs to prepare for transition to digital reformatting workflows that match our current analog capabilities.

We continued making progress with development activities for the Holdings Management System (HMS). This system will provide greater physical control over non-electronic archival holdings. HMS will provide location and space management for identifying records stored at multiple NARA facilities and quickly locating available space to store records. The system will also include circulation management for tracking the circulation of records to various users; preservation management for effectively managing preservation data, such as risk levels, condition assessments, and the history of preservation actions; and inventory management of traditional holdings. In FY 2008, due to complexities in defining user requirements for preservation and processing activities, we did not meet our deadline to deploy initial operating capability of HMS. We developed a prototype of the system and used this as a tool to further define and refine user requirements. The prototype helped us to analyze the impact of some initial requirements that complicated system functionality. We continue to interact with the stakeholders to ensure that the final product meets their needs.

Performance Data	2004	2005	2006	2007	2008
<i>Performance target for percent of archival holdings that require preservation action.</i>	–	–	–	<i>Establish Baseline</i>	≤65
Percent of archival holdings that require preservation action.	–	–	–	65	64
Backlog of holdings requiring preservation action (in thousands of cubic feet).	–	–	2,182	2,165	2,386
At-risk archival holdings that received conservation treatment this year (thousands of cubic feet)	19	27	29	54	130
Cumulative volume of at-risk archival holdings in cold storage (thousands of cubic feet).	80	86	90	90	91
<i>Performance target for cumulative percent of OMPFs inventoried and rehoused.</i>	–	8	35	69	100
Percent of OMPFs inventoried and rehoused.	–	4	34	79	100

FY 2009 Performance Plan Evaluation We will finalize our business plan that lays out the information for the migration from analog to digital work processes. The plan will include a guide to digitization processes and a website for digitization projects. We will continue our transition from analog to digital equipment and processes. We will also deploy an initial operating capability of the Holdings Management System to an initial set of users.

Strategic Goal 3: Electronic Records

We will address the challenges of electronic records in Government to ensure success in fulfilling NARA's mission in the digital era.

- Long-Range Performance Targets**
- 3.1 By 2016, 95 percent of archival electronic holdings have been processed to the point where researchers can have efficient access to them.
 - 3.2 By 2012, 80 percent of archival electronic records are preserved at the planned level of service.
 - 3.3 By 2016, the per-megabyte cost of managing electronic records decreases each year.

FY 2008 Resources Available to Meet This Goal: \$72,814,000; 95 FTE

3.1 PROCESSING ELECTRONIC RECORDS

- FY 2008 Objectives**
- Sustain 80 percent of archival electronic holdings processed to the point where researchers can have efficient access to them.
 - Implement data migration of holdings from legacy systems migrating to the ERA system for Federal records.
- Results**
- ✓ We processed 86 percent of archival electronic holdings to the point where researchers can have efficient access to them.
 - ✓ We successfully migrated electronic records from selected archived tapes to network attached storage devices resulting in 95 accessions, currently stored on legacy media, available for transfer to ERA.

Discussion The number of fully processed accessions of electronic holdings increased by more than 16 percent over last year. As the Federal Government becomes increasingly dependent on technology, we can expect rapidly escalating volumes of archival electronic records accessioned to NARA for preservation and access.

To address this issue, we have made significant strides in the development of our Electronic Records Archives (ERA). This year we met our goal to reach initial operating capability of the system. At this stage, the system supports the basic process of scheduling; that is, determining how long Federal agencies need to keep records and whether the records should be preserved in the National Archives. ERA supports this process regardless of whether the records are on paper, microfilm, tape, or electronic. In addition, ERA supports the workflow for processing electronic records, functions that have been performed by older legacy systems.

We began migrating our existing electronic records holdings from our legacy media to ERA. We are transitioning approximately 3.5 million computer files, ranging from databases about World War II soldiers to the State Department’s central files on foreign affairs, from legacy media into ERA. The migration of records from legacy media to ERA has been a rigorous process. In preparation for this initial migration, we developed or integrated functions with our legacy systems to support the legacy migration workflow. For example, we developed a function for our Archival Processing System to copy files from archived tape media to network attached storage devices. This effort enabled the legacy electronic records to be electronically packaged and transferred via secure network connections to the ERA data center in West Virginia. We implemented processes to validate incoming transfers of records. Migration preparation efforts resulted in the selection of 95 accessions of holdings from legacy media available for transfer to ERA.

Finally, the median time for making electronic records accessible climbed this year because we completed accession processing of numerous transfers of Federal e-mails from the Clinton Administration that we received in FY 2002. Each of these accessions included thousands of e-mails, and among the many hurdles we had to surmount was to create the capability to verify efficiently these records. We expect the FY 2009 median time to drop significantly.

Performance Data	2004	2005	2006	2007	2008
<i>Performance target for percent of archival electronic accessions processed to the point where researchers can have efficient access to them.</i>	99	80	80	95	80
Percent of archival electronic accessions processed.	76	80	80	81	86
Number of accessions received.	1,732	1,830	2,010	2,153	2,328
Number of accessions processed.	1,324	1,463	1,615	1,738	2,004
Unprocessed accessioning backlog (in accessions).	408	367	395	415	324
Median time (in calendar days) from the transfer of archival electronic records to NARA until they are available for access.	736	413	259	467	2,127*

** This measure is calculated annually, rather than cumulatively, which results in an increase in the median processing time in the year in which the processing is completed for electronic records received several years ago.*

FY 2009 Performance Plan Evaluation We will continue the migration of data from the legacy media to ERA. In addition, we will strive to process new transfers of electronic records using both ERA and our legacy processes for transfers not eligible for ERA processing, making them available to researchers at the same rate as in FY 2008. This combination of processing work will create greater demands on our staff.

3.2 PRESERVING ELECTRONIC RECORDS

FY 2008 Objectives

- Develop measurement methodology for preservation at the planned level of service.

Results

- ✓ We developed a draft methodology for the capability to measure preservation of electronic records in a persistent format.

Discussion We developed a draft methodology to measure and assess how effectively and efficiently we preserve our electronic records in a persistent format. With an ever-increasing volume of Federal government electronic records created every day, we need

to ensure that our methods are sound in preserving the valuable records of our nation. Understanding the volume and the impacts to processing assists us in planning our resources and adjusting our priorities to ensure electronic archival records are available for generations to come.

Performance Data	2004	2005	2006	2007	2008
<i>Performance target of percent of NARA's electronic holdings stabilized.</i>	–	–	–	80	80
Percent of NARA's electronic holdings stabilized.	89	89	89	89	90
Number of accessions received.	1,732	1,830	2,010	2,153	2,328
Number of accessions stabilized.	1,541	1,628	1,788	1,915	2,097
Number of archival holdings accessioned (in millions of logical data records).	3,238	4,041	4,611	4,737	5,522

FY 2009 Performance Plan Evaluation We will finalize our methodology to measure NARA's capability to manage and preserve archival electronic records in a persistent format and use this to establish a baseline measure in FY 2009.

3.3 COST OF ELECTRONIC RECORDS MANAGEMENT

FY 2008 Objectives

- Achieve initial operating capability of the ERA system for Federal records.
- Begin ingesting data from legacy systems and four Federal agencies into the ERA system.
- Complete prototypes for the ERA system for Presidential records.
- Ingest sample data into pilot Presidential system.

Results

"...ERA will radically transform how we do our work for the better."

- ✓ We achieved initial operating capability of the ERA system for Federal records.
- ✓ We ingested data from two separate types of sources: 1) legacy media using systems that process electronic archival holdings, and 2) four Federal agencies into the ERA system.
- ✓ We completed prototypes and conducted test readiness reviews for the ERA system for Presidential records.
- ✓ We ingested sample data into the pilot Presidential system for ERA.

Discussion The Electronic Records Archives (ERA) is our leading-edge system that will capture electronic records and information, regardless of format, save them permanently, and make them accessible on whatever hardware or software is currently in use. Due to delays in delivery in FY 2007, we continued our regimented oversight of the ERA program this year. In FY 2008, we adopted a modified implementation approach. This development approach to implement incremental deliveries of software with a strong

focus on software requirements proved successful this year. This approach led to quickly identified resolutions to problems discovered during testing and successive incremental deliveries that resulted in ERA successfully meeting the initial operating capability milestone.

With the Presidential transition occurring in January 2009, we anticipate the transfer of more than 100 terabytes of electronic records to NARA for storage and preservation. We developed a modified version of ERA to allow for requirements unique to Presidential records. We designed this version, termed the Executive Office of the President (EOP) instance of ERA, to handle the vast number of electronic records expected from the George W. Bush Administration. This year, we began testing the EOP system following a similar approach to ERA IOC. We tested three consecutive piloted versions of the EOP, with each successive pilot building on the lessons learned of the prior pilot. Through testing and working with key stakeholders at NARA and at the White House, we expect that the EOP will successfully meet users' needs. We are on target to have EOP ERA operational and ready to capture electronic records from the Bush Administration on January 20, 2009.

Performance Data	2004	2005	2006	2007	2008
<i>Performance target for megabyte cost to manage archival electronic records.</i>	–	–	–	–	–
Per megabyte cost to manage archival electronic records.	\$3.61	\$0.70	\$0.43	\$0.37	\$0.39
Number of megabytes of archival electronic records stabilized (in millions).	1.9	9.5	16.8	17.8	18.1

FY 2009 Performance Plan Evaluation Our challenge in FY 2009 is to achieve initial operating capability of the EOP and transfer the records of the George W. Bush Administration to the National Archives. Following our incremental approach, we will extend ERA to agencies beyond those included in the initial release. We will also begin our design and development activities for public access and long-term preservation.

Strategic Goal 4: Access

We will provide prompt, easy, and secure access to our holdings anywhere, anytime

Long-Range

Performance Targets

4.1. By 2016, NARA customer service standards for researchers are met or exceeded.

4.2. By 2012, 1 percent of archival holdings are available online.

4.3. By 2016, 95 percent of archival holdings are described at the series level in an online catalog.

4.4. By 2012, our web sites score at or above the benchmark for excellence as defined for Federal government web sites.

FY 2008 Resources Available to Meet This Goal: \$52,457,000; 262 FTE

4.1 NARA CUSTOMER SERVICE STANDARDS

FY 2008 Objectives

- 91 percent of written requests are answered within 10 working days
- 90 percent of items requested in our research rooms are furnished within 1 hour of request or scheduled pull time;
- 86 percent of Freedom of Information Act requests for Federal records are answered within 20 working days;
- 85 percent of online archival fixed-fee reproduction orders are completed in 20 working days or less.
- Develop measure of researcher satisfaction with their NARA experience.

Results

- ✓ We answered 94 percent of written requests within 10 working days.

"Thank you for handling my orders quickly."

- ✓ We provided 93 percent of items requested in our research room within 1 hour of request or scheduled pull time.

"The copies of the Hoover documents arrived today and I am thrilled with the content!"

- ✓ We answered 88 percent of Freedom of Information Act requests for Federal records within 20 working days.

- ✓ We completed 68 percent of our online archival fixed-fee reproduction orders in 20 working days or less.
- ✓ We deferred development of a researcher satisfaction measure.

Discussion We met or exceeded most of our customer service targets in FY 2008. Despite a nearly 16 percent increase in the number of Freedom of Information Act requests received in FY 2008, our customers received answers to these requests within 20 days 88 percent of the time. In addition, our customers received requested research materials within one hour 93 percent of the time, while the number of requests completed increased by 23 percent. NARA customers received responses to their written requests within 10 working days 94 percent of the time. This consistently positive trend reflects our commitment to provide more timely responses to these important requests.

We make reproductions of archival documents for a fixed fee to the general public. We did not achieve our goal to complete online archival fixed-fee reproduction orders within 20 working days this fiscal year. In the first quarter, we rebounded from an influx of orders that came at the end of FY 2007, prior to a scheduled price increase in FY 2008. Our commitment to reduce this backlog of orders was observed by the marked improvement in performance later in the year. By the end of the year, our performance was back to meeting our customer service standards.

Performance Data	2004	2005	2006	2007	2008
<i>Performance target for written requests answered within 10 working days.</i>	90	95	95	90	91
Percent of written requests answered within 10 working days.	95	96	97	95	94
<i>Performance target for Freedom of Information Act requests for Federal records completed within 20 working days.</i>	85	90	90	85	86
Percent of Freedom of Information Act requests for Federal records completed within 20 working days.	68	82	87	88	88
Number of FOIAs processed.	5,131	8,794	8,758	12,027	13,472
Annual cost to process FOIAs (in millions).	\$1.43	\$1.74	\$2.62	\$2.72	\$2.34
Annual per FOIA cost.	\$272	\$196	\$295	\$220	\$173
<i>Performance target for items requested in our research rooms furnished within 1 hour of request or scheduled pull time.</i>	95	95	95	95	90
Percent of items requested in our research rooms furnished within 1 hour of request or scheduled pull time.	98	98	96	86	93
Number of researcher visits to our research rooms (in thousands).	169	171	134	138	140
Number of items furnished in our research rooms (in thousands).	696	537	421	520	576
Number of items furnished on time in our research rooms (in thousands).	683	527	405	449	537
<i>Performance target for archival fixed-fee reproduction orders through SOFA are completed in 20 (35 pre-2007) working days or less.</i>	75	80	85	85	85
Percent of archival fixed-fee reproduction orders through SOFA are completed in 20 (35 pre-2007) working days or less.	99.9	99	97	72	68

Performance Data	2004	2005	2006	2007	2008
Average per order cost to operate fixed-fee ordering.	\$29.35	\$27.31	\$28.74	\$26.67	\$30.59
Average order completion time (days)	9	12	14	17	22

FY 2009 Performance Plan Evaluation We expect to meet or exceed our published standards for customer service.

4.2 ONLINE ACCESS TO ARCHIVAL HOLDINGS

- FY 2008 Objectives**
- Develop measurement methodology for number of archival holdings accessible online.
 - Gather and add to the Archival Research Catalog (ARC) 1,000 existing digital copies.
 - Increase the number of digital copies available online through ARC by 20 percent.
 - Increase the use of the Access to Archival Databases (AAD) by 10 percent.
 - Increase the number of visits to ARC by 10 percent.
 - Analyze agency business requirements for digital storage needs.

Results

- We developed a methodology to measure the number of archival holdings accessible online.
 - We added more than 18,000 existing digital copies to the Archival Research Catalog.
 - We increased the number of digital copies available online through ARC from 101 to more than 24,000.
 - We increased the use of Access to Archival Databases (AAD) by 25 percent.
 - We increased the number of visits to our online catalog (ARC) by 130 percent.
 - We developed a strategic planning document for digital storage needs.
- "Pure perfection and at no cost.
 Many, many thanks."*

Discussion As we continue on our path of making more of our archival holdings accessible online, we continue to pursue and enter into partnerships that facilitate the digitization process. We established a new five-year partnership this year with The Generations Network to digitize selected records from our vast holdings. We continued

to work with our existing partners (e.g. Footnote, Familysearch.org, Topic Entertainment) in numerous digitizing efforts that span across a range of media types from scanning textual images, digitizing photographs, film titles, and microfilm, just to name a few. At the Kennedy Library our staff is testing, refining and benchmarking their digitization procedures in order to document the procedures used in digitization. Our collection of digitized holdings includes such images as President Lyndon B. Johnson taking the oath of office aboard Air Force One, Civil War widow's pension application files, Vietnam images, and a host of other resources from our holdings.

We offer digital conversion services at our Federal Records Centers. These services are needed for current and future Federal agency requirements for maintenance, storage, and servicing of temporary and pre-accessioned records. Although implementation has presented challenges in the areas of acquisition and information technology, we continue to look for ways to attract customers that can utilize these services. We identified customers in St. Louis, Riverside, Ft. Worth, and Atlanta that have expressed an interest in digital conversion services once they become available at these facilities.

We established a target to add an additional 1,000 existing digital copies to ARC. By the end of FY 2008, we were able to add more than 18,000 additional digital copies to ARC. Our success on this effort resulted from effective and efficient collaboration between internal NARA units. In addition, much of our success can be attributed to our partnerships established through external agreements, which also played a significant role in the augmentation of online digital copies. These efforts led to the phenomenal growth we experienced going from 101 total digital copies to in excess of 24,000.

Our Access to Archival Databases (AAD) resource provides online access via the Internet to a selection of NARA's electronic records from archival databases to more than 30 Federal agencies. We set a target to increase the use of Access to Archival Databases (AAD) system by 10 percent this year. We exceeded the target with an increase of more than 25 percent. We attribute this increase to an addition of over 5 million records of 19th century passenger lists of immigrants.

With more of our customers looking online to access our holdings, as reflected, for example, in a 130 percent increase in the number of visits to ARC, we must ensure that our technical infrastructure can sustain the amount of growth. This year, we conducted a study to understand NARA's business requirements for creating, maintaining, storing, and providing access to temporary and permanent records that are in digital format. We gathered information on our current processes and made significant progress toward developing a set of requirements to build the technical infrastructure needed to support the agency's digitization activities from a strategic perspective.

Performance Data	2004	2005	2006	2007	2008
Percent of traditional records available online	–	–	–	–	.04
<i>Performance target for percent increase in number of archival electronic holdings accessible online.</i>	50	20	10	10	–
Percent increase in number of archival electronic holdings accessible online.	51	20	13	-24	8
Percent of electronic records available online (cumulative logical data records in millions).	2.2	2.1	2.1	1.6	1.4
<i>Performance target for percent increase in ARC visits.</i>	–	–	–	–	10
Percent increase in ARC visits.	–	81	-11	14	131
Number of ARC visits (in thousands of visits).	158	286	254	290	671
<i>Performance target for percent increase in AAD use.</i>	–	–	–	–	10

Performance Data	2004	2005	2006	2007	2008
Use of AAD (in thousands of queries).	778	1,134	1,480	1,665	2,086
Percent increase in AAD use.	–	46	31	13	25

FY 2009 Performance Plan Evaluation We will increase the number of archival holdings accessible online, whether through NARA or our partners.

4.3 ONLINE CATALOG

FY 2008 Objectives

- ☑ Describe 60 percent of NARA traditional holdings in the Archival Research Catalog (ARC).
- ☑ Describe 60 percent of NARA artifact holdings in ARC.
- ☑ Describe 60 percent of NARA electronic holdings in ARC.

Results

“The availability of public information in one place that is easily searchable and accessible...”

“This is a great research tool for students of history.”

- ✓ We described 64 percent of NARA traditional holdings in ARC.
- ✓ We described 61 percent of NARA artifact holdings in ARC.
- ✓ We described 98 percent of NARA electronic holdings in ARC.

Discussion We successfully launched a redesigned ARC database system that provides new features and improved navigational tools. In response to customer feedback, we incorporated many new upgrades, such as streamlined basic and advanced searches; enhanced screen designs; e-mail capability and modified print capability. These features were incorporated to assist customers in their search for information within our increasing volume of online accessible holdings while simplifying and improving the customer’s experience with the system.

We continued our agency-wide description work this year, making our holdings easier for researchers and the public to find. Our online catalog now contains descriptions of more than 3.7 million cubic feet of traditional records (64 percent of our traditional holdings), more than 350,000 artifacts (61 percent of our artifacts), and 5.5 billion logical data records (98 percent of our electronic records).

In FY 2008, we continued to make steady progress in adding and describing our holdings in ARC. Our continuing success with this measure depends on factors such as the size and number of accessions transferred to NARA each year and the resources available to manage the work. Partnerships, improved processes, and internal training have resulted in a significant increase in volume of holdings described in ARC. We anticipate an impact to our progress in FY 2009 with the transfer of George W. Bush electronic Presidential records to our custody in January 2009 and will consider ways to meet these challenges.

Access is about making information about our holdings easier to find and goes beyond simply describing our holdings in ARC. We continue to put data from existing finding aids into ARC. This is a remarkably efficient way to leverage previous work and to provide detailed, searchable information on the web, a huge value to our researchers.

Performance Data	2004	2005	2006	2007	2008
<i>Performance target for traditional holdings in an online catalog.</i>	30	40	50	55	60
Percent of traditional holdings in an online catalog.	33	43	51	56	64
Number of traditional holdings described in an online catalog (thousands of cubic feet).	1,033	1,366	1,671	1,886	2,392
Number of traditional holdings in NARA (thousands of cubic feet).	3,100	3,167	3,299	3,349	3,731
<i>Performance target for artifact holdings in an online catalog.</i>	30	40	50	55	60
Percent of artifact holdings in an online catalog.	40	43	57	57	61
Number of artifact holdings described in an online catalog (thousands of items).	215	233	309	309	353
Number of artifact holdings in NARA (thousands of items).	540	544	544	544	582
<i>Performance target for electronic holdings in an online catalog.</i>	5	10	20	55	60
Percent of electronic holdings in an online catalog.	17	63	98	99	98
Number of electronic holdings described in an online catalog (millions of logical data records).	535	2,539	4,517	4,692	5,399
Number of electronic holdings in NARA (millions of logical data records).	3,225	4,037	4,612	4,737	5,522
Number of series described in ARC (cumulative).	—	—	—	49,691	74,544
Number of ARC users (in thousands of visits*).	158	286	254	290	570

FY 2009 Performance Plan Evaluation We will continue to expand our online holdings and the percent of our holdings described in our online catalog.

4.4 ONLINE SERVICES

FY 2008 Objectives

- ☑ Determine NARA’s baseline score against the benchmark for excellence as defined for Federal government web sites.
- ☑ Complete an inventory of all web-based access capabilities currently provided to our online customers to identify gaps and overlaps.

Results

- ✓ We use the American Customer Satisfaction Index (ACSI) to determine customer satisfaction with our websites.
- ✓ We identified gaps and overlaps in our inventory of web-based access capabilities currently provided to our online customers.

Discussion We continue to collect public feedback about our sites through our American Customer Satisfaction Index (ACSI) online surveys of our web sites and major application interfaces, such as our Archival Research Catalog (ARC) and Access to Archival Databases (AAD) systems. We measure our success in providing excellent web sites as way to validate that our customers, throughout the nation and around the globe, have easy access to our services. These survey results help NARA to measure satisfaction by customer groups (e.g. genealogists, veterans, educators, etc.) who provide us with valuable feedback of their experience on our websites. We use this input to develop strategies to redesign our sites; or modify, enhance or remove online web content to improve customer satisfaction.

The Presidential Libraries sites continue to outperform the overall ACSI e-Government satisfaction score and other benchmarks. We use the ACSI e-Government satisfaction score for the government portal site as a benchmark to evaluate our web sites. We plan to continue to respond to customer expectations by following this successful model and building upon the success of the collective Presidential Library web sites.

This year, we completed an inventory of all of NARA’s current online capabilities to help us identify gaps and overlaps in our content and services. Our objective is to prepare a high-level strategy to evaluate NARA’s web presence as we consider future applications in an effort to improve user interactions and customer satisfaction with our online products and services. We used this information to begin work on a strategic concept of operations for web-based access to NARA’s digitized and electronic record holdings by the public.

In FY 2008, NARA evaluated the need for a redesign of the *archives.gov* home page. Our evaluation, with the benefit of customer input, indicated that web site users want more content and the ability to search all NARA online applications from one location. We plan to begin the redesign in FY 2009, aiming for a completed product in FY 2010.

Other new looks on our web sites include redesigned Federal Records Center Program pages. To offer an online, virtual experience with several of our exhibits, we redesigned such sites as the “National Archives Experience” to complement the online digital vaults; and at the George H.W. Bush Presidential Library and Museum, we launched a new web site redesign to complement their museum rededication. We received positive reviews on the successful launch of the online version of “Running for Office,” an exhibit of political cartoons that highlights the American campaign and election process. We coordinated the production of captioned videos for the Nixon Oral Histories Project and we digitized and released the records from the Ethel and Julius Rosenberg Grand Jury testimonies revealing transcripts of witnesses involved in this case.

Performance Data	2004	2005	2006	2007	2008
Online visits to NARA’s web sites (in thousands).	–	21,859	31,897	34,871	37,806
Cost to provide NARA services online per visitor.	\$0.13	\$0.17	\$0.10	\$0.05	\$0.03
<i>Performance target in percent improvement in web sites score at or above the benchmark for excellence as defined for Federal government web sites.</i>	–	–	–	–	<i>Establish baseline</i>
Web sites score at or above the benchmark for excellence as defined for Federal government web sites.	–	69	69	67	66
Percent of NARA services available online.	40	52	52	52	52
Number of NARA services online.	48	62	62	62	62

FY 2009 Performance Plan Evaluation NARA will evaluate strategies for providing access to all online NARA resources from one central, entry point. We will continue to collect public feedback about our web sites and major application interfaces to guide us as we enhance *archives.gov* to make it more beneficial to our customers.

Strategic Goal 5: Civic Literacy

We will increase access to our records in ways that further civic literacy in America through our museum, public outreach, and education programs

**Long-Range
Performance Targets**

5.1. By 2016, our museums score in the top 10 percent of all history museums nationally according to industry measures.

5.2 By 2016, 95 percent of exhibit, public outreach, and education visitors are highly satisfied with their visit experience.

FY 2008 Resources Available to Meet This Goal: \$23,207,000; 194 FTE

5.1 ACCESS THROUGH MUSEUMS

FY 2008 Objectives

- Conduct a review of NARA's 12 Presidential Library museum programs.
- Collect comparative data for the National Archives Experience in Washington using the AASLH survey instrument.

Results

- ✓ We issued questionnaires to NARA's 12 Presidential Libraries and developed a draft of library profiles.

"Let freedom ring!"

- ✓ We began the collection of data for the National Archives Experience with monthly survey distributions using the AASLH survey instrument.

Discussion: In the promotion of civic literacy, the National Archives has always played a unique and important role. As the keeper of the records of the Government, we have literally safeguarded the documentary record of American history. This record belongs to the American people. From the Charters of Freedom, to the census records that enumerate our country's population, to the records of Congress and Presidential Administrations, our holdings are so vast and diverse that the value and amount of information available is not always readily apparent to the public. Therefore, we continually educate the public about the treasure trove of information and services we offer. Museum programs are an inspiring way for people to understand their own personal connection to the records in the National Archives. Our efforts are intended to help families see how their own stories fit into our national mosaic, and to thrill young people with the real-life drama of the American experience.

Our museums offer a variety of public experiences throughout the United States. The National Archives Experience, launched in FY 2005 with the opening of the Public Vaults exhibit, the McGowan Theater, and O'Brien Traveling Exhibits Gallery, continues to grow in scope and impact. Presidential libraries and museums play a vital role in promoting an understanding of not only the Presidency, but also American history and democracy.

From Hoover through Clinton, the museums offer thought-provoking and entertaining permanent exhibits that combine documents and artifacts, photographs and film to immerse visitors in the sights and sounds of the past.

This year, we used the American Association of State and Local History Museums (AASLH) measurement instrument to survey customers for vital feedback on the museum and museum programs in Washington, DC. This measurement instrument also allows us to establish a benchmark comparison with other similar museums. The survey is not our only source of documented feedback. We also rely on customer feedback through a National Archives Experience customer comment book. Customer input from both the survey instrument and the comment book indicate that the National Archives Experience continues to be a success.

Work on our Presidential libraries study was delayed in FY 2008 due to the loss of the study leader. The work will be reassigned and new milestones set for completion in FY 2009.

Performance Data	2004	2005	2006	2007	2008
<i>Performance target for NARA museums scoring against the industry benchmark.</i>	–	–	–	–	<i>Establish baseline</i>
NARA museums score against the industry benchmark.	–	–	–	–	TBD
Number of visitors to NARA museums and exhibits (in millions)	2.6	3.0	3.0	3.2	3.2

FY 2009 Performance Plan Evaluation We will complete the analysis of our survey of the Washington, DC, museum and begin to implement improvements based on survey findings. We expect to complete a study across the Presidential Library system.

5.2 CUSTOMER SATISFACTION WITH OUR PROGRAMS

FY 2008 Objectives

- 95 percent of NARA education, public outreach, and exhibit visitors are highly satisfied with their visit experience.
- Implement Presidential library museum visitor satisfaction survey.
- Develop Presidential library education program survey.
- Develop baseline of categories for program types across the agency; methodology for measuring offsite program work.

Results

"...being able to interact with other educators to see how they would use these materials is priceless!"

- Our users rated more than 99 percent of NARA's education programs, workshops and training courses as meeting their expectations.
- We launched an internal study of Presidential library museum satisfaction.
- We drafted an education program survey for

Presidential Libraries.

- ✓ We continued our efforts to define the wide variety of program types for measurement across the agency.

Discussion: Studies indicate that visitor satisfaction correlates with learning. People who report having a satisfying experience also turn out to have learned more of the content of the program. We continue to deliver a wide variety of experiences for visitors throughout the National Archives through physical visits, online and offline publications, video conferences, web casts, and other venues. This year 99 percent of those surveyed rated our programs, workshops, and training courses as meeting their expectations.

NARA’s special exhibits, outreach, educational efforts, and public programs are key components in efforts to promote civic literacy both in Washington, DC and throughout our Presidential Libraries and regional archival facilities. Our efforts reach across agencies, extend into communities, and establish both domestic and international partnerships. We offer monthly workshops to educate the public and Federal agency regulation-writers about the Federal regulatory process. During this year, we continued efforts to develop an initiative, based on a cooperative partnership with the Kettering Foundation and the National Issues Forum Institute to host community forums relating to health care, immigration, Federal debt, education and energy; numerous staff have served as judges in the DC-National History Day Program. We partnered with the Library and Archives Canada to oversee the installation of the exhibit, *1783: Subject or Citizen*, which used NARA documents, including the original Treaty of Paris.

During this election year, our Presidential Libraries worked with Scholastic, Inc., to identify holdings and themes that convey the importance of active citizenship to include as part of a display in Democracy Plaza in New York City. NARA’s traveling exhibit, “School House to White House,” continued to attract visitors to the Eisenhower Library. We held an exhibit in the National Archives Building that displayed the Electoral College tally for the 2000 Presidential election. We held two public programs, *Electoral College: The Debate Continues* and *Moving Political Cartoons from Page to Screen*, in connection with our temporary exhibit, *Running for Office*. Our Digital Vaults received numerous recognitions, including being named one of Time.com’s 50 Best Websites for 2008.

Performance Data	2004	2005	2006	2007	2008
<i>Performance target for percent of education, public outreach, and exhibit visitors who are highly satisfied with their visit experience.</i>	95	95	95	95	95
Percent of education programs, workshops, and training courses meeting attendees’ expectations.	99	99	99	98	99.6
Number of rated education programs, workshops, and training courses.	464	547	605	606	632
Number of attendees at rated education programs, workshops, and training courses.	8,125	9,248	10,394	10,229	11,246

FY 2009 Performance Plan Evaluation We will develop an education program survey to identify and prioritize ways to enhance teaching programs at the Presidential libraries. We will also work toward identifying and prioritizing museum visitor satisfaction.

Strategic Goal 6: Infrastructure

We will equip NARA to meet the changing needs of our customers

- Long-Range Performance Targets**
- 6.1. By 2016, 95 percent of employees possess the core competencies that were identified for their jobs.
 - 6.2. By 2016, the percentages of NARA employees in underrepresented groups match their respective availability levels in the Civilian Labor Force (CLF).
 - 6.3. By 2016, public network applications are available 99 percent of the time.

FY 2008 Resources Available to Meet This Goal: \$31,718,000; 161 FTE

6.1 RECRUITMENT AND DEVELOPMENT

- FY 2008 Objectives**
- Maintain 95 percent of staff development plans linked to strategic outcomes.
 - Maintain 95 percent of employee performance plans linked to strategic outcomes.
 - Implement pilot for a management development program.
- Results**
- ✓ We maintained 89 percent of staff development plans linked to strategic outcomes.
 - ✓ We maintained 98 percent of employee performance plans linked to strategic outcomes.
 - ✓ We implemented a management development program pilot.

Discussion: Staff need to understand how their jobs and the work they do links to the agency's mission and strategic goals. Each year we work to align our staff development plans and employee performance plans to NARA's Strategic Plan, and this year 89 percent of NARA's staff development plans and 98 percent of the employee performance plans linked to strategic outcomes. We strive to meet these goals each year because we recognize the importance of the plans. Staff use these to identify training, mentoring, shadowing, and cross-training opportunities both within and external to our agency. Many staff use these as vehicles to broaden their skills and knowledge base, network within their profession, learn new competencies, and expand their perspective of how their work connects to NARA's mission.

Development initiatives in this area have included an Emerging Manager Development Program and the conduct of assessment centers for development for all current managers in NARA's Office of Records Services. At present, 36 managers have gone through an

assessment center and received feedback for targeted development. NARA has also implemented our online training system with special features such as listing SkillSoft courses and making books available on-line at Books 24/7. Finally, some offices within NARA have begun to focus on high performance for their organizations, groups and individuals. This focus is based on integrating vision, values, customer satisfaction, quality and efficiency and identifying measures of performance for each. All of these initiatives aim to enhance the organization, management and staff development in NARA.

Performance Data	2004	2005	2006	2007	2008
<i>Performance target for percent of permanent staff having staff development plans that link to strategic outcomes.</i>	95	95	95	95	95
Percent of permanent staff having staff development plans that link to strategic outcomes.	52	78	76	96	89
Number of permanent staff having staff development plans that link to strategic outcomes.	1,401	2,073	2,044	2,379	2,229
Number of permanent staff.	2,704	2,671	2,629	2,485	2,570
Average time (in calendar days) to fill a leadership position	90	82	42	39	55
<i>Performance target for percent of staff having performance plans that link to strategic outcomes</i>	95	95	95	95	95
Percent of staff having performance plans that link to strategic outcomes.	93	94	95	97	98
Number of staff having performance plans that link to strategic outcomes.	2,514	2,492	2,361	2,299	2,475

FY 2009 Performance Plan Evaluation We will develop NARA's Strategic Human Capital Plan.

6.2 EQUAL EMPLOYMENT OPPORTUNITY

FY 2008 Objectives

- Increase the percentage of applicants pools with applicants in underrepresented groups for positions in grades 13 and above over the percentage in FY 2007.

Results

- ✓ We employed people in underrepresented groups so that our percentages matched in two out of six underrepresented groups.

Discussion: NARA strives to achieve a workforce that reflects the demographics of our nation's diverse workforce. We are pleased that we have met this goal for Blacks and persons with targeted disabilities, however, we must focus on improving our performance in hiring and promoting people in underrepresented groups by continuing our efforts to expand recruiting techniques, analyze pertinent personnel information and implement staff development programs.

This year, we exceeded our target for GS 13-15 applicant pools that contained members of underrepresented groups. Although these results are encouraging, NARA is still experiencing a trend towards more internal hiring. If this trend continues, we will need to look at other ways to increase diversity at the higher levels since NARA is already less diverse than the overall civilian labor force.

We hope to make steady gains in attracting underrepresented groups through a recruitment framework developed last year. The framework includes a special emphasis on recruiting from underrepresented groups. A key strategy in this framework is to maximize Federal hiring flexibilities available for entry-level positions (typically GS-5 through GS-11) to increase the availability of underrepresented candidates for higher-level positions. To that end, in FY 2008, NARA expanded its diversity partnership initiative to include a new partnership with the Washington Internships for Native Students (WINS) Program. Together with the Hispanic Association of Colleges and Universities (HACU) and the Gates Millennium Scholars Foundation, WINS is a key partner in helping NARA place underrepresented students in internship positions throughout the agency. This year, we placed 15 students in internship positions through this diversity partnership initiative – a 50 percent increase over the number placed in FY 2007.

Also in FY 2008, NARA implemented the Federal Career Intern Program (FCIP) as a tool to attract highly qualified diverse applicants to entry-level positions throughout NARA. This new program was particularly successful in recruiting Hispanics and women to entry-level program analyst positions in the Information Security Oversight Office (ISOO). Of the five program analysts hired under the new FCIP authority, two (40 percent) were Hispanic, and three (60 percent) were women. Of the two Hispanics hired, one was a former HACU intern with NARA.

Performance Data

	2004	2005	2006	2007	2008
<i>Performance target for percent of applicant pools for positions at grades GS-13 and above that contain people in underrepresented groups.</i>	90	93	96	87	77
Percent of applicant pools for positions at grades GS-13 and above that contain people in underrepresented groups.	92	95	87	76	91
Number of applicants for positions at grades GS-13 and above.	1,783	1,725	693	194	259
Number of applicant pools for positions at grades GS-13 and above.	143	153	88	37	54
Number of pools for positions in grades GS-13 and above that had self-identified applicants in protected classes.	132	145	77	28	49
<i>Percent of Civilian Labor Force rate used to determine if underrepresented groups met employment target.</i>	70	80	90	100	98
Underrepresented groups of employees meeting target (checkmark indicates target met or exceeded)					
– Women	✓	✓			
– Black	✓	✓	✓	✓	✓
– Latino-Hispanic					
– Asian American/Pacific Islander	✓				
– American Indian/Alaskan Native	✓				
– Targeted disability	✓	✓	✓	✓	✓

FY 2009 Performance Plan Evaluation Improving performance in hiring and promoting people in underrepresented groups will continue as an ongoing effort to achieve a workforce that mirrors the society that we live in.

6.3 INFORMATION TECHNOLOGY

FY 2008 Objectives

- Public network applications are available 98.83 percent of the time.
- Recompete the NARA IT support services contract.
- Test IT solutions to expand NARA’s telework resources.

Results

- ✓ Public network applications are available 99.5 percent of the time.
- ✓ We issued a request for quotation (RFQ) and Statement of Work as part of the recompete process for NARA IT support services contract.
- ✓ We installed and conducted functionality tests of IT solutions procured to expand NARA’s telework resources.

Discussion: Our technological resources are invaluable tools that offer steadily increasing flexibility for today’s workforce. The requirements of both NARA’s customers and staff using our public network applications necessitates that these tools remain stable, secure, and continuously available (i.e. 24x7). We have achieved great success in maintaining a public network application availability rate of more than 99 percent. We use these tools to communicate with our customers, provide our nation with access to digital records and research, and create venues for customers to visit our facilities and experience our exhibits through virtual worlds. The challenges we face are the growing number of digitized materials available. We anticipate more of the public coming to our sites to access this information. To ensure that our customers have this trove of information at their fingertips, our IT infrastructure must support the movement of a growing volume of work to a digitized environment. Although our reliance on resources, both hardware and software, and technically competent staff to ensure secure access and availability is a moving target with numerous challenges, we have been successful in sustaining our infrastructure to provide access for our customers.

We made progress toward completing the recompetition of NARA’s IT support services contract and expect an award in FY 2009. We also began a series of pilots and phased rollouts of functionality that will support our telework program.

Performance Data

	2004	2005	2006	2007	2008
Percent of public network availability.	100	99.9	100	100	100
<i>Performance target for percent availability of public applications.</i>	96.5	97	98.9	98.80	98.83
Percent of public network applications availability.	98.7	98.9	98.9	99.3	99.5
Number of total hours that any public network application was unavailable.	1,047	923	830	504	424
Number of network users for public applications (in millions).	4.4	6.6	6.7*	6.5*	8.8
Cost per network user for public applications.	\$0.29	\$0.24	\$0.27	\$0.34	\$0.40
Percent of customer’s highly satisfied with NARA	—	—	—	65	83

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Performance Data

	2004	2005	2006	2007	2008
helpdesk services (average for year).					

** This data is not reliable because it reflects bot invasions that we are now able to exclude from 2008 data.*

FY 2009 Performance Plan Evaluation We will update network capacity across the enterprise by increasing bandwidth. We will ensure that our public network applications availability rate continues to meet the target. We will award the contract for IT Support Services and we will upgrade the telephone infrastructure.

FY 2008 PROGRAM EVALUATIONS

Strategic Goal 1: Our Nation's Record Keeper

Government Accountability Office, GAO-08-742, *National Archives and Selected Agencies Need to Strengthen E-Mail Management*, June, 2008.

GAO was tasked by Congress to review the extent to which NARA provides oversight of federal records management, describe selected agencies' processes for managing e-mail records, and assess these agencies' e-mail policies and key practices. GAO made four interrelated recommendations specific to NARA. NARA provided GAO and Congress with a high-level plan to satisfy these recommendations in September 2008 and are pursuing several strategies to meet internal milestones and target dates.

Strategic Goal 2: Preserve and Process

Office of Inspector General, OIG Report 08-01, *Audit of the Process of Safeguarding and Accounting for Presidential Library Artifacts*, October 26, 2007.

The NARA Office of Inspector General (OIG) performed an audit of the controls over artifacts to determine if the process of accounting for and safeguarding Presidential Library artifacts was adequate. This audit was identified in the OIG's FY 2006 annual work plan, but as field work commenced, the OIG received an inquiry from United States Senator Charles Grassley's office asking that they conduct a detailed audit of the operations of Presidential Libraries and the activities of NARA to protect and preserve these collections. There were five recommendations made in the audit report. Although progress has been made, all five recommendations remain open.

Office of Inspector General, OIG Report 08-07, *Audit of NARA's Researcher Identification Card Program*, April 24, 2008.

The Inspector General sought to determine whether management controls over the researcher registration and application program ensure that researcher information is accurately obtained, verified, and properly safeguarded according to NARA directives. There are three recommendations associated with this audit. All three recommendations remain open.

Office of Inspector General, OIG Management Letter 08-12, *Update on Conditions of the Museum Collection at the Ronald Reagan Presidential Library*, August 12, 2008.

The Inspector General updated the Archivist on significant progress being made by the Office of Presidential Libraries and the Ronald Reagan Presidential Library in strengthening their stewardship of presidential artifacts. There were no recommendations in this management letter.

Office of Inspector General, OIG Management Letter OI 08-01, *Historical Records Discarded in Trash*, June 19, 2008.

The Inspector General informed the Archivist about a weakness at the Archives I facility with records disposal. There were no recommendations associated with this management letter.

Office of Administrative Services, *Physical Security, OSHA, and Accessibility Inspection*, October 2007.

The office conducted an inspection of the Northeast Regional Records Center in New York City. There were eight findings identified in this report, all of which are open as of September 30, 2008.

Office of Administrative Services, *Physical Security, OSHA, and Accessibility Inspection*, October 2007.

The office conducted an inspection of the George Bush Presidential Library in College Station, Texas. There were four findings identified in this report, all of which are open as of September 30, 2008.

Strategic Goal 3: Electronic Records

Office of Inspector General, *OIG Report 08-08, Review of the Electronic Records Archives Contract Direct Labor Costs*, June 10, 2008.

This review began as a request by the contracting officer for ERA. Its final scope was expanded by the Inspector General. The objectives of the review were to determine if the (a) invoices submitted by the contractor for direct labor costs and subcontract costs for work performed on the ERA contract, paid by NARA, were accurate, supported and reasonable, and (b) ERA program management officials had a satisfactory process in place to review and approve contract invoices. The review included two suggestions for ERA and NARA contracting officials.

Office of Inspector General, *OIG Report 08-11, Review of the Subcontract Costs on the ERA Development Contract*, August 28, 2008.

This report is a follow up on the June review of ERA contractor direct costs. This report focuses on subcontractor costs. The review included two suggestions for ERA and NARA contracting officials.

Government Accountability Office, *GAO-08-1105, The National Archives and Records Administration's FY 2008 Expenditure Plan*, September 2008.

GAO's objectives in reviewing the expenditure plan were to determine the extent to which the expenditure plan satisfied the six legislative conditions specified in the Appropriations Act. GAO recommended that NARA create a mitigation plan for acceptance of presidential records into ERA at end of this administration. We believe that we will meet the challenges to use ERA for this purpose, but are also working on a mitigation plan.

Strategic Goal 6: Infrastructure

Office of Inspector General, Report 08-02, *Audit of NARA's Purchase Card Program*, November 14, 2007.

The objective of this audit was to assess (1) compliance with laws and regulations, (2) efficiency of operations, and (3) adequacy of internal or management controls to help prevent fraud, waste, and abuse by cardholders or others who attempt to manipulate the program. There were 20 recommendations made in this report, four of which remain open.

Office of Inspector General, Report 08-04, *Audit of NARA's Development of the Holdings Management System*, March 11, 2008.

In this audit, the Inspector General sought to determine whether NARA has adequately managed the proposal and development of the Holdings Management System in accordance with Federal and agency requirements. There are six recommendations associated with this audit, five of which remain open.

Office of Inspector General, Report 08-05, *Audit of NARA's Compliance with the Federal Information Security Act for FY 2007*, March 20, 2008.

The overall objective of this audit was to assess the adequacy of controls over information security and compliance with information security policies, procedures, standards, and guidelines. There were 21 recommendations made in this report, all of which remain open.

Office of Inspector General, Report 08-09, *Audit Management Controls over Accounting for Lost Property*, August 14, 2008.

This audit was initiated based on a referral from OIG Investigations. The auditors sought to identify whether NARA adhered to its own policy and procedures in accounting for lost property and whether management actions taken in response to the identification of lost property were appropriate to protect government assets from loss. There were 15 recommendations made in this report, all of which remain open.

Office of Inspector General, Report 08-10, *Audit of NARA's Implementation of the Federal Desktop Core Configuration*, August 27, 2008.

In this audit, the Inspector General sought to determine whether NARA (1) met the OMB mandated deadline, (2) adequately reported their status to OMB, and (3) developed adequate plans for implementing FDCC across the enterprise. There are five recommendations associated with this report, all of which were open on September 30, 2008.

Office of Inspector General, Management Letter 08-14, *Work at Home System Project*, September 4, 2008.

With this management letter, the Inspector General informed the Assistant Archivist for Information Services that the strategy employed in the development of the Work at Home System exposes NARA to security vulnerabilities. The initial text phase of the project was completed shortly after the management letter was issued and potential vulnerabilities cited were no longer applicable.

Office of Inspector General, *OIG Report 08-13, Audit of NARA's Central Receiving Function*, September 29, 2008.

The Inspector General sought to evaluate the effectiveness of controls over the central receiving functions at the Archives II facility in College Park, MD. There were 25 recommendations in this report.

Office of Inspector General, *OIG Report 08-15, Clifton-Gunderson LLP (CG) Review of NARA's Compliance with Section 522 of the Consolidated Appropriations Act of 2005 (Policies, Procedures, and Practices for the Protection of Personally Identifiable Information)*, September 29, 2008.

The Inspector General contracted with Clifton Gunderson (CG) to conduct an audit of NARA's privacy and data protection policies and procedures in compliance with Section 522. CG made 2 recommendations in this audit.

Multi-Goal Evaluations

Office of Personnel Management, *OPM Report on the Human Resources Operations Audit of the National Archives and Records Administration*, November 13, 2007.

The purpose of this audit was to determine NARA's adherence to the merit systems principles, laws, and regulations, and to assess its efficiency and effectiveness in the administration of human capital (HC) and human resources (HR) management programs and systems. The audit encompassed five areas within the Human Capital Assessment and Accountability Framework (HGCAAF). OPM made 22 recommendations in this report. All are closed.

Office of Inspector General, *OIG Report 08-03, Clifton-Gunderson LLP (CG) Audit of the National Archives and Records Administration FY 2007 Financial Statements*, November 20, 2007.

The Inspector General contracted with Clifton Gunderson (CG) to conduct an audit of NARA's FY 2007 financial statements. CG made 13 recommendations to correct matters involving internal control and operations. Seven of these recommendations are closed and the remaining 6 will carry forward to the next report.

Office of Inspector General, *OIG Report 08-06, Evaluation of Management Control Program for FY 2007*, March 7, 2008.

The Inspector General reviewed NARA's FY 2007 Management Control

Program. There are three recommendations associated with this report. All three remain open.

Office of Regional Records Services, *Program Review*, March 2008.

The office conducted a program evaluation of the Mid-Atlantic Region in Philadelphia. There were four recommendations made in this report, all of which remain open on September 30, 2008.

Office of Regional Records Services, *Program Review*, June 2008.

The office conducted program evaluations of the Pacific-Alaska Region in Seattle and Anchorage. There were three recommendations made in this report, all of which remain open on September 30, 2008.

Office of Presidential Libraries, *Program Review*, February 2008.

The office conducted a program review of the Richard Nixon Library in Yorba Linda, California. There were 29 recommendations made in this report, 27 of which remain open on September 30, 2008.

Office of Presidential Libraries, *Program Review*, March 2008.

The office conducted a program review of the Franklin D. Roosevelt Library in Hyde Park, New York. There were nine recommendations made in this report, three of which remain open on September 30, 2008.

Federal Records Management Evaluations

Under 44 U.S.C. 2904(c)(8), the Archivist of the United States is required to report to Congress and OMB annually on the results of records management activities. NARA fulfills this requirement through the Performance and Accountability Report. This report focuses on Federal agency activities in identifying, scheduling, and transferring electronic records as well as reporting on allegations of unauthorized disposition. We also recognize the two agencies who received special recognition this year for electronic records management.

Records Management Achievement

In FY 2008, NARA presented Archivist's Achievement Award to two agencies who have demonstrated success in electronic records management:

- Office of the Comptroller of the Currency (OCC)
- Internal Revenue Service (IRS)

OCC received the award for its successful planning, development, and implementation of its Document and Records Management System, known as WISDM. The IRS received its award for outstanding work in incorporating records management requirements into the agency governance structure for electronic systems.

Electronic Records Management

In FY 2008, NARA continued its partnerships with Federal agencies to increase the number of electronic records series and systems scheduled across the Government and to increase the number of permanent electronic records transferred to the National Archives. Continuing the approach begun last year, NARA is focusing on the important electronic records of the CFO Act agencies in making sure that these records are all covered by records schedules before the E-Government Act of 2002 deadline of September 2009 and that electronic records scheduled as permanent are transferred to the National Archives in a timely manner. These efforts will ensure that agency business assets are maintained for as long as needed, to protect the legal and financial rights of the Government and its citizens, and to preserve records of enduring historical value.

Records Scheduling

In FY 2008, NARA set a goal to schedule 280 electronic records series and systems from the following CFO Act agencies, components, and other selected agencies:

Department of Homeland Security
Department of Health and Human Services
Department of Transportation
Department of Justice
Department of the Treasury
Environmental Protection Agency
Department of Commerce
Department of Interior
Department of Education

Department of Agriculture
Department of Labor
Central Intelligence Agency
Department of Defense
Department of State
Nuclear Regulatory Commission

Through close cooperation with these agencies, NARA exceeded its target by scheduling close to 450 series of electronic records and systems. In FY 2009, NARA will continue to work with these agencies to surpass the goal of scheduling ten percent more records than were scheduled in FY 2008.

Agency Recognition

While there is still a tremendous amount of work required in this area, scheduling efforts continued to increase in FY 2008. The following highlights a few of the agencies who made dramatic improvements in their scheduling activities.

Patent and Trademark Office. PTO's records management program has been very active in FY 2008. The agency is one of the four pilot agencies for NARA's Electronic Records Archives (ERA) and has been working closely with NARA to schedule and transfer records to NARA electronically. Additionally, the agency has been a leader in developing flexible records schedules, allowing the agency to schedule more records effectively. Using this approach, PTO has scheduled 63 electronic systems since FY 2006 and continues to work towards scheduling all their electronic records to comply with the E-Government Act deadline in 2009.

Department of Homeland Security. Established in FY 2003, DHS has consistently focused on scheduling their records. From FY 2004 through FY 2007, DHS submitted 26 records schedules to NARA for approval. In FY 2008 alone, DHS submitted 43 records schedules to NARA, which has resulted in the approval of 32 series of electronic records and systems.

Federal Bureau of Investigation. In recent years, the records of the FBI have received even more attention from the public and the media, and as a result, the Bureau has increased resources for scheduling and managing records. Over the last three years, the FBI has submitted to NARA for approval 59 schedules covering 417 distinct records series. From these schedules, NARA has approved 26 records schedules that include 62 series of electronic records or systems.

Department of Agriculture. In FY 2008, NARA concluded a multi-year project with three USDA components to schedule all their existing electronic records. These active records management programs – Agricultural Marketing Service, Federal Nutrition Service, and the Food Safety and Inspection Service – have successfully scheduled their electronic records.

Small Business Administration. Similar to USDA, the SBA worked diligently over the last five years to schedule all their existing electronic records series and systems. By the end of FY 2008, NARA had approved 34 records schedules consisting of over 500 distinct series of records.

Environmental Protection Agency. In addition to approving 19 electronic systems submitted by EPA, NARA worked closely with the agency to approve 72 media neutral

records schedules for the agency to facilitate their transition to an Enterprise Content Management System (ECMS). This new system will allow EPA to manage their records more efficiently and will ensure that staff across the country has access to the records they need to conduct business.

Nuclear Regulatory Commission. In FY 2008, NRC added new staff to concentrate on scheduling their electronic records. The increase in staff resources led to 22 new records schedules submitted to NARA covering 26 electronic records systems.

Challenges and Risks

In FY 2008, NARA announced to agencies that in this report we would identify specific agencies where we believe there are records management risks that need to be addressed. The list below includes agencies that have not scheduled their records – electronic or otherwise – and have not responded to outreach or advocacy from NARA staff. NARA is concerned that these agencies are at high risk for litigation because they have not identified and scheduled their records for disposition.

Department of Health and Human Services. NARA has worked closely with several HHS agencies; however, there are four components in particular that have resisted contact with NARA and have not scheduled their records. These agencies are Administration for Children and Families, Agency for Healthcare Research and Quality, Health Resources and Services Administration (which did transfer 3 accessions of permanent records to NARA), and the Substance Abuse and Mental Health Services Administration. Over the last three years, none of these four agencies has submitted a records schedule, and have resisted NARA attempts to develop records schedules.

National Transportation Safety Board. The NTSB, established in 1967, maintains important records on the safety of our Nation's transportation that directly affect the rights of citizens. NARA is particularly concerned given the importance of these records that the NTSB has not scheduled any records since the 1970s and none of their electronic records.

Defense Contract Management Agency. Established in 2000, DCMA maintains records that impact rights and government accountability. These are important records, which the agency has not attempted to schedule in their 8 years of existence.

National Institute of Standards and Technology. A bureau of the Department of Commerce, NIST has not actively scheduled their records since the mid-1990s. Aside from one schedule approved in 2001 for administrative records related to their web site, NIST has not scheduled any electronic records.

U.S. Marshals Service. The U.S. Marshals Service, part of the Department of Justice, has not submitted any schedules for electronic records since 2000 and nor any schedules since 2003. The records of the U.S. Marshals are high value records that protect citizen rights and provide government accountability.

Electronic Records Transferred to NARA

In FY 2008, NARA registered 186 new accessions of electronic records from 38 agencies and one donated collection. In FY 2008, NARA also targeted a selection of CFO Act Agencies and their components in its efforts to bring into the National Archives the electronic records that are scheduled as permanently valuable and that are eligible for

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transfer. Eighteen of the 30 agencies we targeted as having items eligible for transfer in FY 2008 contributed 106 of the 186 accessions (or, 57 percent of the transfers).

The following agencies transferred new accessions of electronic records to the National Archives in FY 2008 for permanent preservation:

Department	Agency	Number of Accessions in FY2008
Department of Agriculture	National Agricultural Statistics Service	5
Department of Agriculture	Cooperative State Research, Education and Extension Service	1
Department of Commerce	Bureau of the Census	25
Department of Commerce	National Oceanic and Atmospheric Admin	1
Department of Defense	Office of the Secretary of Defense	8
Department of Defense, Department of the Army	Army Staff	1
Department of Defense, Department of the Navy	Bureau of Naval Personnel	2
Department of Defense, Department of the Navy	U.S. Marine Corps	1
Department of Defense, Department of the Navy	U.S. Naval Academy	1
Department of Defense, Dept of the Air Force	U. S. Air Force Commands, Activities, and Organizations	1
Department of Education	Department of Education	22
Department of Energy	Department of Energy	1
Department of Health and Human Services	Centers for Disease Control and Prevention	44
Department of Health and Human Services	Health Resources and Services Administration	3
Department of Homeland Security	U.S. Coast Guard	1
Department of Homeland Security	Federal Emergency Management Agency	1
Department of the Interior	Bureau of Indian Affairs	1
Department of the Interior	Fish and Wildlife Service	2
Department of the Interior	Secretary of Interior	1
Department of the Interior	Bureau of Land Management	8
Department of the Interior	U.S. Geological Survey	2
Department of the Interior	Forest Service	1
Department of Justice	Law Enforcement Assistance Administration	4
Department of Labor	Labor-Management Services Administration	1
Department of Labor	Mine Safety and Health Administration	1
[Department of State]	U.S. Information Agency	1
Department of Transportation	Federal Aviation Administration	5
Department of the Treasury	Bureau of Public Debt	1
Consumer Product Safety Commission	Consumer Product Safety Commission	1
Federal Reserve System	Federal Reserve System	5
Merit Systems Protection Board	Merit Systems Protection Board	1
National Aeronautics and Space Admin	National Aeronautics and Space Admin	2
National Endowment for the Arts	National Endowment for the Arts	1

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Department	Agency	Number of Accessions in FY2008
National Science Foundation	National Science Foundation	1
Office of Personnel Management	Office of Personnel Management	1
Small Business Administration	Small Business Administration	1
Temporary Committees, Commissions and Boards	Temporary Committees, Commissions and Boards	3
United States Senate	U.S. Senate	23
	Donation	1
	TOTAL	186

The table below identifies the agencies that we targeted for transfer of permanent electronic records, the number of accessions they transferred, and the related number of targeted items.

Targeted Agency	Dept	Disposition Authorities (Items) Targeted FY 2008	Accessions Received FY 2008	Targeted Disposition Authorities for Accessions Received FY 2008	FY 2008 Targeted Disposition Authorities NOT Received as of 9/30/08
U.S. Air Force Commands, Activities, & Organizations	Air Force	1	1	1	0
Army Staff	Army	4	1	1	3
Bureau of Land Management	DOI	2	8	1	1
Bureau of Naval Personnel	Navy	4	2	2	2
Center for Disease Control and Prevention	HHS	10	44	3	7
Defense, Office of the Secretary	DOD	11	8	5	6
Education, Department of	DOEd	17	21	14	3
Environmental Protection Agency	EPA	1	0	0	1
Federal Aviation Administration	DOT	10	5	7	3
Federal Bureau of Investigation	FBI	1	0	0	1
Federal Communications Commission	FCC	5	0	0	5
Fish and Wildlife Service	DOI	1	2	1	0
Forest Service, USDA	USDA	2	1	1	1
Homeland Security, Department of	DHS	1	0	0	1
Housing and Urban Development, Department of	HUD	5	0	0	5
Interior, Department of	DOI	2	1	1	1
Internal Revenue Service	Treas	1	0	0	1
Marine Corps	Navy	2	1	1	1

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Targeted Agency	Dept	Disposition Authorities (Items) Targeted FY 2008	Accessions Received FY 2008	Targeted Disposition Authorities for Accessions Received FY 2008	FY 2008 Targeted Disposition Authorities NOT Received as of 9/30/08
National Aeronautics and Space Admin	NASA	1	2	1	0
National Oceanic and Atmospheric Admin	Commerce	2	1	1	1
National Park Service	DOI	2	0	0	2
Naval Academy	Navy	1	1	1	0
Navy, Department of, 1947-	Navy	2	0	0	2
Nuclear Regulatory Comm	NRC	1	0	0	1
Office of Justice Programs	DOJ	2	4	1	1
State, Department of	State	2	0	0	2
Tennessee Valley Authority	TVA	7	0	0	7
Transportation, Department of	DOT	4	0	0	4
U.S. Geological Survey	USGS	2	2	1	1
U.S. Information Agency	State	1	1	1	0
Total		107	106	44	63

Alleged Unauthorized Disposition of Federal records

Under 44 USC 3106, Federal agencies are required to notify the Archivist of the United States of any alleged unauthorized disposition of the agency's records. NARA also receives notifications from other sources such as the news media and private citizens. NARA establishes a case to track each allegation and communicates with the agency until the issue is resolved. Summary statistics on FY 2008 cases are as follows:

Open cases, start of FY 2008: 25
 Cases opened in FY 2008: 12
 Cases closed in FY 2008: 19
 Open cases, end of FY 2008: 18

Of the 18 cases open at the end of FY 2008, nine of them are involved in ongoing litigation and three are cases that are still being investigated by the agency. NARA monitors the status of these cases and is not reporting them here. The following two tables list the six cases that are open and pending a response from the agency and the 19 cases that were closed in FY 2008.

Cases Awaiting Agency Response or Follow-Up

Case Opened	Agency	Records	Status
August 1998	Dept. of Army, Office of Deputy Chief of Staff for Operations and Plans	Records of action officers	Awaiting agency response or follow-up
March 1999	Dept. of Interior, Bureau of Indian Affairs	Records of Crow Agency, Montana	Awaiting agency response or follow-up
May 2007	Executive Office of the President, Office of Administration	Federal records in White House e-mail system	Awaiting agency response or follow-up
July 2007	Federal Labor Relations Authority	Records of FLRA Chair	Awaiting agency response or follow-up
April 2008	Dept. of Defense, Office of Secretary of Defense	Video recordings of interrogations	Allegation founded- awaiting corrective action
May 2008	Dept. of Defense, Defense Intelligence Agency	Video recordings of interrogations of terrorism suspect	Allegation founded- awaiting corrective action

Note: In the case involving Federal records in the White House e-mail system, NARA has been informed by the Executive Office of the President, through its Office of Administration, that EOP staff is actively pursuing the issue of possible recovery of e-mail records. In light of this representation, and in view of pending related litigation, NARA continues to be updated on further developments.

The following table covers cases of alleged unauthorized disposition that were closed in FY 2008. Note that, when an allegation is determined to be founded, the affected agency takes corrective action to prevent additional unauthorized disposition of records.

Cases Closed in FY 2008

Case Opened	Agency	Records	Resolution
May 1999	Dept. of Justice, Bureau of Prisons	Alcatraz Prison files	Allegation founded. Most records recovered
March 2000	Dept. of Interior, National Park Service	Director's Office files	Allegation founded- corrective action taken
November 2005	Dept. of Health and Human Services, Food and Drug Administration	Commissioner's records relating to "Plan B" drug application review	Allegation not founded
July 2006	Dept. of Air Force	1958 intelligence document	Allegation not founded
April 2007	Dept. of Interior, Minerals Management Service	Compliance audit records	Allegation founded- corrective action taken

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Case Opened	Agency	Records	Resolution
April 2007	National Commission on Libraries and Information Science	1977 and 1979 White House Conference records, meeting minutes, and task force records	Allegation founded-corrective action taken
May 2007	Dept. of Defense, Defense Intelligence Agency	Video recording of interrogation of terrorism suspect	Allegation founded-corrective action planned
June 2007	Dept. of Education	Email of agency employees	Allegation not founded
June 2007	National Aeronautics and Space Administration	Project records	Allegation not founded
July 2007	Dept. of Interior, Bureau of Land Management	Cartographic records	Allegation founded-corrective action taken
September 2007	Dept. of Treasury, Financial Management Service	Miscellaneous records	Allegation founded-corrective action taken
October 2007	Dept. of Air Force	Administrative orders of Air National Guard	Allegation founded-corrective action taken
January 2008	Federal Deposit Insurance Corporation	Records relating to First National Bank of Midland, Texas	Allegation not founded
April 2008	Dept. of Labor	Investigations of complaints conducted by Veterans' Employment and Training Service	Allegation founded-corrective action taken
April 2008	Environmental Protection Agency	Computer files in limited-access e-mail accounts of former Administrators	Allegation founded – corrective action taken
June 2008	Dept. of Agriculture, Forest Service	Miscellaneous records	Allegation founded-corrective action taken
June 2008	Central Intelligence Agency	Video recording of interrogation of terrorism suspect	Allegation founded – corrective action taken
July 2008	Dept. of Labor	Records relating to performance measurement and monitoring	Allegation founded-corrective action taken
August 2008	National Aeronautics and Space Administration	X-38 program records	Allegation founded-corrective action taken

Performance Assessment Rating Tool Summary

Records Services Program

As part of the FY 2005 budget formulation, OMB evaluated NARA's records services program using the Program Assessment Rating Tool (PART). PART was established to provide a process for rating the performance of programs across the Federal Government. The chart below summarizes the FY 2008 results for our PART measures.

Selected PART Measures	Year	Target	Actual
Annual cost of archival storage space per cubic feet of traditional holdings	2008	\$5.84	\$5.85
By 2005, 95 percent of requests for military service separation records are answered within 10 working days	2008	95%	95%
By 2009, 100 percent of NARA's archival holdings are in appropriate space	2008	No annual target	86% traditional holdings, 100% electronic holdings, 40% artifact holdings
By 2009, 100 percent of NARA records centers comply with the October 2009 regulatory storage standards	2008	No annual target	33%

Electronic Records Services Program

As part of the FY 2006 budget formulation, OMB evaluated NARA's electronic records services program using the PART. The chart below summarizes the FY 2008 results for our PART measures.

Selected PART Measures	Year	Target	Actual
Percentage of archival electronic records accessioned by NARA at the scheduled time.	2008	10%	40%
The per megabyte cost of managing archival electronic records through the Electronic Records Archives will decrease each year	2008	Target pending completion of ERA	\$0.39
Milestone measures for development of the Electronic Records Archives in 2008 including completing Interim Operating Capability for Increment 1.	2008	Annual measures	Rebaselined Initial Operating Capability met June 2008. Oversight by OMB and GAO continues.

Definitions

The following provides definitions for many of the terms and concepts used in this Performance section.

Goal 1	Our Nation's Record Keeper
Capital Asset Planning	An element in the decision-making process for ensuring that IT investments integrate strategic planning, budgeting, procurement, and the management of IT in support of agency missions and business needs.
COOP viability	NARA Headquarters and Federal Register must perform essential functions with and without warning regardless of emergency circumstances within 12 hours of activation of COOP for up to 30 days to include reconstitution of normal operations. Viability also includes regular testing, training, exercising of NARA personnel, equipment, systems, processes, and procedures used to support NARA during a COOP event.
Cooperative records project	A project that results in a model schedule, a standardized process, or other common product that standardizes records management for a specific FEA Business Reference Model sub-function across multiple agencies performing that sub-function. For example, agencies engaged in providing investigative services would be considered as one cooperative records project.
Federal agency reference request	A request by a Federal agency to a records center requesting the retrieval of agency records. Excludes personnel information requests at the National Personnel Records Center.
Inventory	A listing of the volume, scope, and complexity of an organization's records.
Proof of concept	Demonstration of new technology to show that an idea works.
Records management service (RMS)	An application or system software providing services that support the creation, management, transfer, and destruction of electronic records within a computing environment.
Risk mitigation	Determining the value of information as a business asset in terms of its primary and secondary uses in the business process; identifying potential risks to the availability and usefulness of the information; estimating the likelihood of such risks occurring; evaluating the consequences if the risk occurs; and managing the information based on that analysis.

Goal 2	Preserve and Process
Accession	Archival materials transferred to the legal custody of NARA.
Appropriate space	Storage areas that meet physical and environmental standards for the type of materials stored there.
At-risk	Records that have a media base near or at the point of deterioration to such an extent that the image or information in the physical media of the record is being or soon will be lost, or records that are stored on media accessible only through obsolete or near-obsolete technology.

Declassification review	An evaluation of the declassification aspects of an executive branch agency's security classification program to determine whether an agency has met the requirements of Executive Order 12958. The review may include the appropriateness of agency declassification actions, the quality of agency actions to identify classified equities of other agencies, and the appropriateness of agency action to exempt records from automatic declassification based upon application of declassification guidance approved by the Interagency Declassification Appeals Panel or the application of file series exemptions approved by the President. The results of a review, along with any appropriate recommendations for improvement, are reported to the agency senior official or agency head.
Equity-holding agency	An agency that may have classified information in a document, whether or not it created the document. Without declassification guidelines, only the equity-holding agency can declassify information in the document.

Goal 3 Electronic Records

Gigabyte	A measure of computer data storage capacity. A gigabyte is 2 to the 30th power, or approximately a thousand megabytes.
Logical data record	A set of data processed as a unit by a computer system or application independently of its physical environment. Examples: a word processing document; a spreadsheet; an email message; each row in each table of a relational database or each row in an independent logical file database.
Megabyte	A measure of computer data storage capacity. A megabyte is 2 to the 20th power, or approximately a million bytes.
Preserved	(1) The physical file containing one or more logical data records has been identified and its location, format, and internal structure(s) specified; (2) logical data records within the file are physically readable and retrievable; (3) the media, the physical files written on them, and the logical data records they contain are managed to ensure continuing accessibility; and (4) an audit trail is maintained to document record integrity.
Terabyte	A measure of computer data storage capacity. A terabyte is 2 to the 40th power, or approximately a thousand gigabytes.

Goal 4 Access

Artifact holdings	Object whose archival value lies in the thing itself rather than in any information recorded upon it.
Electronic holdings	Records on electronic storage media.
Logical data record	A set of data processed as a unit by a computer system or application independently of its physical environment. Examples: a word processing document; a spreadsheet; an email message; each row in each table of a relational database or each row in an independent logical file database.
Online visit	One person using our web site is counted as one "visit." It is a count of the number of visitors to our web site, and is similar to counting the number of people who walk through our front door. In contrast, it does not count "hits," which refers to the number of files used to show the

	user a web page. A visit in which a user accessed a web page comprising 35 files would count as 1 visit and 35 hits. Counting visits is a more accurate way of showing how much use our web site is getting than counting hits.
Traditional holdings	Books, papers, maps, photographs, motion pictures, sound and video recordings, and other documentary material that are not stored on electronic media.
Written requests	Requests for services that arrive in the form of letters, faxes, email messages, and telephone calls that have been transcribed. Excludes Freedom of Information Act requests, personnel information requests at the National Personnel Records Center, Federal agency requests for information, fulfillment of requests for copies of records, requests for museum shop products, subpoenas, and special access requests.

Goal 6	Infrastructure
---------------	-----------------------

Applicant	Any U.S. citizen who completed an application for a specific position.
Leadership position	A supervisory position at grade GS-13 or above and non-supervisory positions at grade 15 or above.
NARANET	A collection of local area networks installed in 37 NARA facilities that are connected to a wide area network at Archives II, using frame relay telecommunications, and then to the Internet. NARANET includes personal computers with a standardized suite of software. NARANET was designed to be modular and scalable using standard hardware and software components.
Staff development plan	An individualized plan to enhance employees' knowledge, skills, and abilities and improve performance in their current jobs or of duties outside their current jobs, in response to organizational needs and human resource plans.
Underrepresented groups	Groups of people tracked by the U.S. Equal Employment Opportunity Commission: Minority groups (Black, Latino-Hispanic, Asian/Pacific Islander, and American Indian/Alaskan Native); Women; People with Disabilities.

SECTION 3

FINANCIAL SECTION

A Message from the Chief Financial Officer



I am pleased to present the National Archives and Records Administration's (NARA) consolidated financial statements for Fiscal Year (FY) 2008, which received an unqualified opinion from our independent auditors for the third consecutive year.

During FY 2008 we continued to make steady improvements in financial management, institutionalizing and refining the financial reporting processes and associated internal controls. We have focused on correcting preexisting weaknesses in the personal property management area, commencing an intensive business process reengineering effort to document and implement essential internal controls and procedures across affected NARA organizations.

We have also faced new challenges, such as the FY2008 reporting requirement to reclassify Heritage Assets as basic financial information. Given the immense volume and variety of NARA's heritage assets, both NARA staff and the auditors grappled with new audit processes and issues, such as the appropriate disclosure, the categories and the levels of detail to report for relevant and reliable information.

Looking to the future, we will continue to strive to keep up with the constantly evolving challenges around archival holdings and Information Technology security, as described in our Management Discussion and Analysis' Management Challenges section.

We are very proud of all NARA staff for their efforts in maintaining the unqualified opinion on our financial statements. We extend our appreciation to our financial services provider for their continued support.

Even as we address existing and new challenges, NARA's will continue its strong commitment to improving financial management and producing accurate and reliable financial statements.

A handwritten signature in black ink that reads "Adrienne C. Thomas".

Adrienne C. Thomas
Acting Assistant Archivist for Administration and
Chief Financial Officer

Auditor's Reports (FY 2008)

Inspector General's Summary

**NATIONAL ARCHIVES AND RECORDS ADMINISTRATION
ANNUAL FINANCIAL STATEMENT
FISCAL YEAR 2008**

**OFFICE OF THE INSPECTOR GENERAL
COMMENTARY AND SUMMARY**

This audit report contains the Annual Financial Statements of the National Archives and Records Administration (NARA) for the fiscal years ended September 30, 2008 and 2007. We contracted with the independent certified public accounting firm of Clifton Gunderson, LLP (CG) to perform the audit. The audit was done in accordance with U.S. generally accepted auditing standards, the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; applicable provisions of the OMB Bulletin No. 07-04, *Audit Requirements for Federal Financial Statements*, as amended, and the GAO/PCIE *Financial Audit Manual*.

In its audit of NARA's financial statements, CG's opinion states that the financial statements present fairly, in all material respects, the financial position of NARA as of September 30, 2008 and 2007, and its net cost, changes in net position, budgetary resources for the years then ended in conformity with accounting principles generally accepted in the United States of America.

CG reported one significant deficiency¹ in internal control over financial reporting in the area of Information Technology. CG reported no material weaknesses² and disclosed no instances of noncompliance with certain provisions of laws and regulations.

In connection with the contract, we reviewed CG's report and related documentation and inquired of its representatives. Our review, as differentiated from an audit in accordance with U.S. generally accepted government auditing standards, was not intended to enable us to express, as we do not express, opinions on NARA's financial statements or conclusions about the effectiveness of internal control; or conclusions on compliance with laws and regulations. CG is responsible for the attached auditor's report dated November 12, 2008 and the conclusions expressed in the report. However, our review disclosed no instances where CG did not comply, in all material respects, with generally accepted government auditing standards.

¹ Significant deficiency is defined as a deficiency in internal control, or combination of deficiencies, that adversely affects the entity's ability to initiate, authorize, record, process, or report financial data reliably in accordance with generally accepted accounting principles such that there is more than a remote likelihood that a misstatement of the entity's financial statements that is more than inconsequential will not be prevented or detected.

² Material weakness is defined as a significant deficiency, or combination of significant deficiencies, that results in more than a remote likelihood that a material misstatement of the financial statements will not be prevented or detected.

Independent Auditor's Report (FY 2008)



Independent Auditor's Report

To the Inspector General of the
National Archives and Records Administration

We have audited the consolidated balance sheets of National Archives and Records Administration (NARA) as of September 30, 2008 and 2007, and the related statements of net cost, changes in net position, and combined statement of budgetary resources for the years then ended (hereinafter collectively referred to as the "financial statements"). These financial statements are the responsibility of NARA's management. Our responsibility is to express an opinion on these financial statements based on our audits.

We conducted our audits in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and Office of Management and Budget (OMB) Bulletin No. 07-04, *Audit Requirements for Federal Financial Statements*, as amended. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statements' presentation. We believe our audits provide a reasonable basis for our opinion.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of NARA as of September 30, 2008 and 2007, and its net cost, changes in net position, and budgetary resources for the years then ended in conformity with accounting principles generally accepted in the United States of America.

In accordance with *Government Auditing Standards*, we have also issued our reports dated November 12, 2008 on our consideration of NARA's internal control over financial reporting, and on our tests of NARA's compliance with certain provisions of laws and regulations and other matters. The purpose of those reports is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the internal control over financial reporting or on compliance. Those reports are an integral part of our audit performed in accordance with *Government Auditing Standards* and should be considered in assessing the results of our audit.

The information in the Management Discussion and Analysis and Required Supplementary Information sections is not a required part of the consolidated financial statements, but is supplementary information required by accounting principles generally accepted in the United States of America. We have applied certain limited procedures, which consisted principally of

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inquiries of management regarding the methods of measurement and presentation of this information. However, we did not audit this information and, accordingly, we express no opinion on it.

Our audits were conducted for the purpose of forming an opinion on the consolidated financial statements taken as a whole. The information in the Message from The Archivist, Performance Section, and Other Accompanying Information is presented for purposes of additional analysis and is not required as part of the consolidated financial statements. This information has not been subjected to auditing procedures and, accordingly, we express no opinion on it.

Clifton Henderson LLP

Calverton, Maryland
November 12, 2008



Independent Auditor's Report on Compliance and Other Matters

To the Inspector General of the
National Archives and Records Administration

We have audited the financial statements of the National Archives and Records Administration (NARA) as of, and for the year ended September 30, 2008, and have issued our report thereon dated November 12, 2008. We conducted our audit in accordance with the auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and Office of Management and Budget (OMB) Bulletin 07-04, *Audit Requirements for Federal Financial Statements*, as amended.

The management of NARA is responsible for complying with laws and regulations applicable to NARA. As part of obtaining reasonable assurance about whether NARA's financial statements are free of material misstatements, we performed tests of NARA's compliance with certain provisions of laws and regulations, non-compliance with which could have a direct and material effect on the determination of financial statement amounts and certain other laws and regulations specified in OMB Bulletin 07-04, as amended. We limited our tests of compliance to these provisions and we did not test compliance with all laws and regulations applicable to NARA. Providing an opinion on compliance with certain provisions of laws and regulations was not an objective of our audit, and, accordingly, we do not express such an opinion.

The results of our tests of compliance with laws and regulations described in the preceding paragraph disclosed no instances of reportable noncompliance or other matters that are required to be reported under U.S. generally accepted government auditing standards or OMB guidance.

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

Clifton Gunderson LLP

Calverton, Maryland
November 12, 2008

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Independent Auditor's Report on Internal Control

To the Inspector General of the
National Archives and Records Administration

We have audited the financial statements of the National Archives and Records Administration (NARA) as of and for the year ended September 30, 2008 and have issued our report thereon dated November 12, 2008. We conducted our audit in accordance with the auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and Office of Management and Budget (OMB) Bulletin No. 07-04, *Audit Requirements for Federal Financial Statements*, as amended.

In planning and performing our audit, we considered NARA's internal control over financial reporting as a basis for designing our auditing procedures for the purpose of expressing our opinion on the financial statements and to comply with OMB Bulletin No. 07-04, as amended, but not for the purpose of expressing an opinion on the effectiveness of NARA'S internal control over financial reporting. We did not test all internal controls relevant to operating objectives as broadly defined by the *Federal Managers' Financial Integrity Act* (FMFIA) (31 U.S.C. 3512), such as those controls relevant to ensuring efficient operations. The objective of our audit was not to provide assurance on internal control. Accordingly, we do not express an opinion on the effectiveness of NARA's internal control over financial reporting.

Our consideration of internal control over financial reporting was for the limited purpose described in the preceding paragraph and would not necessarily identify all deficiencies in internal control over financial reporting that might be significant deficiencies or material weaknesses. However, as discussed below, we identified certain deficiencies in internal control over financial reporting that we consider collectively to be a significant deficiency.

A control deficiency exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent or detect misstatements on a timely basis. A significant deficiency is a control deficiency, or combination of control deficiencies, that adversely affects the entity's ability to initiate, authorize, record, process, or report financial data reliably in accordance with generally accepted accounting principles such that there is more than a remote likelihood that a misstatement of the entity's financial statements that is more than inconsequential will not be prevented or detected by the entity's internal control. We consider the deficiencies described below to be collectively a significant deficiency in internal control over financial reporting.

A material weakness is a significant deficiency, or combination of significant deficiencies, that results in more than a remote likelihood that a material misstatement of the financial statements will not be prevented or detected by the entity's internal control.

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Our consideration of the internal control over financial reporting was for the limited purpose described in the second paragraph of this section and would not necessarily identify all deficiencies in the internal control that might be significant deficiencies and, accordingly, would not necessarily disclose all significant deficiencies that are also considered to be material weaknesses. However, we do not believe that the significant deficiency described below is a material weakness over financial reporting.

SIGNIFICANT DEFICIENCY

I. Information Technology

A. Access Controls

In NARA's highly computerized and interconnected environment, effective access control security is dependent on consistently evaluating and controlling the level of access granted to each system user. Access controls should limit and monitor access to computer resources (i.e., data files, application programs, and computer-related facilities and equipment) to the extent necessary to provide reasonable assurance that these resources are protected against misuse, loss, unauthorized modification, disclosure, or misappropriation. Access controls include logical controls, such as security software programs designed to prevent or detect unauthorized access to sensitive files.

Our testing has identified weaknesses in NARA's information systems environment. These vulnerabilities expose NARA and its computer systems to risks of intrusion, subject sensitive NARA information related to its major applications to potential unauthorized access, modification, and/or disclosure, and increase the risks of fraud and abuse.

Our testing also indicated that logical access controls are not effective to ensure that only authorized users have access to systems. We noted the following:

Logical Access Controls

- Approved user access request forms were not available for six NARANET network and twenty-five Virtual Private Network (VPN) users.
- Three terminated employees still had active network accounts for several months after their separation dates.
- Novell Network E-Directory administrator and VPN access permissions are not being effectively recertified for appropriateness.
- NARA has not enabled the Novell Network audit capability for logins, Access Control List (ACL) changes, add group member or delete group member events in accordance with NARA policy.
- Attack signatures for the NARA Network Intrusion Detection System (NIDS) are not being promptly installed.

Recommendations:

1. Develop and implement VPN user access recertification procedures to require regular user access reviews for reasonableness.
2. Revise NARA IT Security Requirements to specify a specific time frame (i.e. 24 or 48 hours) in which system access is to be removed upon an employee's separation of employment.
3. Develop and implement Novell administrator user access recertification procedures to require regular user access reviews for reasonableness.
4. Enable Novell audit logging activity for user logins, ACL changes, add group member or delete group member events in accordance with NARA policy.
5. Update attack signatures for NARA NIDS to the most recent version.

B. Entity-Wide Security Program

Effective information security management is critical to NARA's ability to ensure the confidentiality, integrity, and availability of its information assets, and thus its ability to perform its mission. If effective information security practices are not in place, NARA's data and systems are at risk of inadvertent or deliberate misuse, fraud, improper disclosure, or destruction—possibly without detection.

An entity-wide security program planning and management should be in place to establish a framework and continuing cycle of activity to manage security risk, develop security policies, assign responsibilities, and monitor the adequacy of computer security related controls. It should also represent the foundation for an entity's security control structure and a reflection of senior management's commitment to addressing security risks. OMB Circular No. A-130, Appendix III *Security of Federal Automated Information Resources*, requires agencies to implement and maintain a program to assure that adequate security is provided for all agency information collected processed, transmitted, stored, or disseminated in general support systems and major applications.

Weaknesses that currently exist in NARA's information security program include the following:

- NARA has not certified or completed risk assessments or security plans for several NARANET components.
- New employees are not required to complete information security awareness training prior to obtaining access to NARA computer systems.

- NARA does not perform adequate screening of individuals prior to granting information system access. **(Repeat Condition)**
- Employee exit clearance forms were not available for sixteen individuals and incomplete forms were noted for fifteen individuals who separated from NARA during Fiscal Year (FY) 2008. **(Repeat Condition)**

Recommendations:

6. Complete risk assessments for all NARANET components.
7. Finalize and approve security plans for all NARANET components.
8. Certify each NARANET component, then certify and accredit the entire NARANET general support system.
9. Implement policies and procedures which require the completion of security and awareness training before being granted access to NARA information systems.
10. Complete exit clearance forms (Form 3009) for all separating employees which include formal sign offs by functional managers and maintain these documents in accordance with NARA document retention policies.
11. Modify IT security requirements for new hires prior to accessing NARA systems which map to interim clearance procedures for badge issuance.

C. Contingency Plan

Losing the capability to process, and protect information maintained on NARA's computer systems can significantly impact NARA's ability to accomplish its mission to serve the public. The purpose of service continuity controls is to ensure that, when unexpected events occur, critical operations continue without significant interruption or are promptly resumed.

To achieve this objective, NARA should have procedures in place to protect information resources and minimize the risk of unplanned interruptions and a plan to recover critical operations should interruptions occur. These plans should consider activities performed at NARA's general support facilities (e.g. NARA's Local Area Networks (LAN), Wide Area Networks (WAN), and telecommunications facilities), as well as the activities performed by users of specific applications. To determine whether the disaster recovery plans will work as intended, NARA should establish and periodically test the capability to perform its functions in disaster simulation exercises. NARA should develop and structure disaster recovery plans and continuity of operation plans in accordance with Homeland Security Presidential Directives (HSPD) 7, 51 and 20 and Federal Continuity Directive (FCD) 1, and NIST SP 800-34 *Contingency Planning Guide for Information Technology Systems*.

Our review of NARA's service continuity controls identified deficiencies that could affect NARA's ability to respond to a disruption in business operations as a result of a disaster or other long-term emergency. The deficiencies were as follows:

- NARA has not finalized and implemented an IT Contingency Plan for NARANET. Additionally, the current NARANET Disaster Recovery Plan does not include the procedures for recovering and reconstituting NARANET in a disaster situation.
- The NARA Headquarters Continuity of Operations Plan (COOP) has not been finalized. (Repeat Condition)

Recommendations:

12. Finalize and approve the COOP in accordance with HSPD 7, 51 and 20, FCD 1, and NIST SP 800-34.
13. Finalize and approve the NARANET general support system contingency plan.

STATUS OF PRIOR YEAR COMMENTS

We have reviewed the status of NARA's corrective actions with respect to the significant deficiency from the previous year's report on internal control. Details of the status of the recommendations are reported in Appendix A to this report.

NARA management's response to the significant deficiency identified in our report is included as Appendix B to this report. We did not audit NARA's response and, accordingly, we express no opinion on it.

In addition to the significant deficiencies described above, we noted certain matters involving internal control and its operation that we reported to the management of NARA in a separate letter dated November 12, 2008.

This report is intended solely for the information and use of the management of NARA, NARA Office of Inspector General, OMB, the Government Accountability Office and Congress, and is not intended to be and should not be used by anyone other than these specified parties.

Clifton Henderson LLP

Calverton, Maryland
November 12, 2008

National Archives and Records Administration
Performance and Accountability Report, FY 2008

APPENDIX A
NATIONAL ARCHIVES AND RECORDS ADMINISTRATION
STATUS OF PRIOR YEAR FINDINGS AND RECOMMENDATIONS
September 30, 2008

Recommendation No.	Condition/Audit Area	Recommendation	Current Status
Significant Deficiency			
1	Access Controls	Implement a contractor exit clearance process that requires formal sign offs by functional managers and Contracting Officer Technical Representatives (COTRs) to ensure logical and physical access is disabled and NARA property returned.	Closed
2	Access Controls	Immediately remove/disable Records Center Processing and Billing System (RCPBS) system access for the two individuals.	Closed
3	Access Controls	Enable account lockouts for the RCPBS application in accordance with NARA IT policies.	Closed
4	Security Program	Finalize the RCPBS Security plan, with affirmative evidence of management approval, date and version.	Open
5	Security Program	Complete incomplete sections in the RCPBS Security Plan.	Closed
6	Security Program	Perform an internal review to ensure that all security accreditation packages for all major applications and general support systems are supported by a clearly approved, finalized and complete System Security Plan and other documents	Open
7	Security Program	Complete exit clearance forms (Form 3009) for all separating employees.	Open
8	Security Program	Complete background investigations for the twelve NARA employees identified.	Closed
9	Security Program	Ensure out-of-date background investigations for all employees and contractors are re-performed.	Closed
10	Security Program	NARA should be conducting background investigations on new hires prior to accessing NARA systems and implement a process to independently validate on an annual basis that such investigations are being performed in a timely manner.	Open

National Archives and Records Administration
 Performance and Accountability Report, FY 2008

Recommendation No.	Condition/Audit Area	Recommendation	Current Status
Significant Deficiency			
11	Change Control	Strengthen RCPBS change control policies and procedures to include emergency change control and testing documentation procedures.	Closed
12	Service Continuity	Revise the COOP to reflect systems/applications that are currently in use, and specifically identify mission critical applications and related vital files, records and databases necessary to restore essential functions.	Partially Closed
13	Service Continuity	Develop and document an RCPBS Disaster Recovery Plan (DRP) testing schedule.	Open

Management Response to Auditor's Report (FY 2008)



National Archives and Records Administration

700 Pennsylvania Avenue, NW
Washington, DC 20408-0001

Date: November 14, 2008

To: Paul Brachfeld, NARA Inspector General

From: Allen Weinstein, Archivist of the United States

Subject: Response to Draft Independent Auditor's Report s on NARA's Internal Controls and Compliance with Laws and Regulations for FY 2008

Thank you for the opportunity to review and comment on the draft reports entitled Independent Auditor's Report on Internal Control and Independent Auditor's Report on Compliance and Other Matters. We appreciate the efforts of your staff and all parties associated with this audit process.

While we generally agree with the auditor's assessment of a significant deficiency in information technology, we are unable to concur with some of the recommendations, as written. As we develop our action plan to address these recommendations, we will have to consider our budget realities, weighing the cost of corrective action against the expected benefit.

At the same time, we want to emphasize to our stakeholders that the risks described are adequately mitigated with compensating controls to prevent a material misstatement of NARA financial statements.

NARA continues to be committed to improving financial management and producing accurate and reliable financial information. We would like to again thank the Office of Inspector General and Clifton Gunderson LLP for working with us in a professional and dedicated manner.

A handwritten signature in black ink that reads "Allen Weinstein".

ALLEN WEINSTEIN
Archivist of the United States

Financial Statements and Additional Information (FY2008)

Limitations of the Financial Statements

The principal statements have been prepared to report the financial position and results of operations of NARA, pursuant to the requirements of 31 U.S.C. 3515 (b). While the statements have been prepared from NARA's books and records in accordance with generally accepted accounting principles (GAAP) for Federal entities and the formats prescribed by the Office of Management and Budget, the statements are additional to the financial reports used to monitor and control budgetary resources, which are prepared from the same books and records. The statements should be read with the realization that they are for a component of the U.S. Government, a sovereign entity.

NARA's FY 2008 financial statements were audited by Clifton Gunderson LLP under contract to NARA's Office of the Inspector General.

Principal Statements

Consolidated Balance Sheet *As of September 30, 2008 and 2007* *(in thousands)*

	2008	2007
Assets (Note 2)		
Intragovernmental		
Fund balance with Treasury (Note 2)	\$ 213,080	\$ 176,004
Investments (Note 3)	10,957	8,342
Accounts receivable (Note 4)	12,446	9,789
Total intragovernmental	236,483	194,135
Cash (Note 2)		
	49	51
Investments (Note 3)		
	20,513	21,972
Accounts receivable, net (Note 4)		
	596	554
Inventory, net (Note 5)		
	1,120	1,027
General property, plant and equipment, net (Note 6)		
	415,980	377,871
Other Assets		
	868	925
Total assets	\$ 675,609	\$ 596,535
Stewardship PP&E (Note 7)		
	-	-
Liabilities		
Intragovernmental		
Accounts payable	\$ 2,439	\$ 3,296
Other (Note 8, 9, 10)	5,556	5,237
Total intragovernmental	7,995	8,533
Accounts payable		
	30,108	32,542
Debt held by the public (Note 8, 9)		
	205,868	216,841
Other (Note 8, 10)		
	35,128	29,665
Total liabilities	\$ 279,099	\$ 287,581
Commitments and Contingencies (Note 12)		
	-	-
Net Position		
Unexpended appropriations - other funds	147,697	108,649
Cumulative results of operations - earmarked funds (Note 13)	31,119	30,952
Cumulative results of operations - other funds	217,694	169,353
Total net position	\$ 396,510	\$ 308,954
Total liabilities and net position	\$ 675,609	\$ 596,535

The accompanying notes are an integral part of these statements

National Archives and Records Administration
Performance and Accountability Report, FY 2008

Consolidated Statement of Net Cost
For the years ended September 30, 2008 and 2007

(in thousands)

	2008	2007
Program Costs		
Records and archives-related services		
Gross costs (Note 14)	\$ 307,207	\$ 282,894
Less: Earned revenues	(261)	(545)
Total net records and archives-related services program costs	306,946	282,349
Trust and Gift Funds		
Gross costs (excluding heritage asset renovation)	14,449	14,997
Heritage asset renovation costs (Note 15)	-	1,200
Less: Earned revenues	(18,422)	(18,094)
Total net trust and gift fund costs	(3,973)	(1,897)
Electronic records archives		
Gross costs	9,885	7,091
Less: Earned revenues	-	-
Total net electronic records archives program costs	9,885	7,091
National historical publications and records commission grants		
Gross costs	5,511	5,681
Less: Earned revenues	-	-
Total net national historical publications and records commission grants program costs	5,511	5,681
Archives facilities and presidential libraries repairs and restoration		
Gross costs (excluding heritage asset renovation)	100	888
Heritage asset renovation costs (Note 15)	11,165	3,667
Less: Earned revenues	-	-
Total net archives facilities and presidential libraries repairs and restoration program costs	11,265	4,555
Revolving fund records center storage and services		
Gross costs	149,375	144,836
Less: Earned revenues	(142,332)	(136,015)
Total net revolving fund records center storage and services program costs	7,043	8,821
Net Cost of Operations	\$ 336,677	\$ 306,600

The accompanying notes are an integral part of these statements

National Archives and Records Administration
Performance and Accountability Report, FY 2008

Consolidated Statement of Changes in Net Position
For the years ended September 30, 2008
(in thousands)

	2008		
	Earmarked Funds	All Other Funds	Consolidated Total
Cumulative Results of Operations			
Beginning Balance	\$ 30,952	\$ 169,353	\$ 200,305
Budgetary Financing Sources			
Appropriations Used	-	368,731	368,731
Nonexchange Revenue	783	-	783
Donations and forfeitures of cash and cash equivalents	534	-	534
Transfers-in/out without reimbursement	(632)	632	-
Other	65	-	65
Other Financing Sources (Non-Exchange)			
Imputed financing	447	15,866	16,313
Other	(1,241)	-	(1,241)
Total Financing Sources	(44)	385,229	385,185
Net Cost of Operations	(211)	336,888	336,677
Net Changes	167	48,341	48,508
Cumulative Results of Operations	31,119	217,694	248,813
Unexpended Appropriations			
Beginning Balance	-	108,649	108,649
Budgetary Financing Sources			
Appropriations received	-	411,133	411,133
Appropriations transferred-in/out	-	-	-
Other adjustments	-	(3,354)	(3,354)
Appropriations used	-	(368,731)	(368,731)
Total Budgetary Financing Sources	-	39,048	39,048
Total Unexpended Appropriations	-	147,697	147,697
Net Position	\$ 31,119	\$ 365,391	\$ 396,510

The elimination column was omitted because there was no elimination activity.

The accompanying notes are an integral part of these statements

Consolidated Statement of Changes in Net Position
For the years ended September 30, 2007
(in thousands)

	2007		
	Earmarked Funds	All Other Funds	Consolidated Total
Cumulative Results of Operations			
Beginning Balance	\$ 29,174	\$ 121,349	\$ 150,523
Budgetary Financing Sources			
Appropriations Used	-	335,779	335,779
Nonexchange Revenue	821	-	821
Donations and forfeitures of cash and cash equivalents	1,724	-	1,724
Transfers-in/out without reimbursement	-	-	-
Other	398	-	398
Other Financing Sources (Non-Exchange)			
Imputed financing	522	17,381	17,903
Other	(243)	-	(243)
Total Financing Sources	3,222	353,160	356,382
Net Cost of Operations	1,444	305,156	306,600
Net Changes	1,778	48,004	49,782
Cumulative Results of Operations	30,952	169,353	200,305
Unexpended Appropriations			
Beginning Balance	-	108,887	108,887
Budgetary Financing Sources			
Appropriations received	-	341,137	341,137
Other adjustments	-	(5,596)	(5,596)
Appropriations used	-	(335,779)	(335,779)
Total Budgetary Financing Sources	-	(238)	(238)
Total Unexpended Appropriations	-	108,649	108,649
Net Position	\$ 30,952	\$ 278,002	\$ 308,954

The elimination column is omitted as no elimination activity impacts this statement.

The accompanying notes are an integral part of these statements

Combined Statement of Budgetary Resources
For the years ended September 30, 2008 and 2007
(in thousands)

	<u>2008</u>	<u>2007</u>
Budgetary Resources		
Unobligated balance brought forward, October 1:	\$ 63,813	\$ 64,518
Recoveries of prior year unpaid obligations	6,203	10,251
Budget Authority		
Appropriation	413,139	356,893
Spending authority from offsetting collections		
Earned		
Collected	177,602	173,921
Change in receivables from Federal sources	3,267	(2,731)
Change in unfilled customer orders		
Advance received	383	(181)
Without advance from Federal sources	(6,746)	(11)
Expenditure transfers from trust funds	632	0
Subtotal	<u>588,277</u>	<u>527,891</u>
Permanently not available	14,250	15,622
Total budgetary resources	<u>\$ 644,043</u>	<u>\$ 587,038</u>
Status of Budgetary Resources		
Obligations Incurred (Note 17)		
Direct	404,622	363,392
Reimbursable	174,436	159,833
Subtotal	<u>579,058</u>	<u>523,225</u>
Unobligated Balance		
Apportioned	44,350	45,773
Exempt from apportionment	7,068	4,993
Subtotal	<u>51,418</u>	<u>50,766</u>
Unobligated balance not available	13,567	13,047
Total status of budgetary resources	<u>\$ 644,043</u>	<u>\$ 587,038</u>
Change in Obligated Balance		
Obligated balance, net		
Unpaid obligations, brought forward, October 1	\$ 139,064	\$ 139,068
Less: Uncollected customer payments from Federal sources, brought forward October 1	(18,483)	(21,224)
Total unpaid obligated balance, net	<u>120,581</u>	<u>117,844</u>
Obligations incurred net	579,058	523,225
Less: Gross outlays	(537,814)	(512,979)
Less: Recoveries of prior year unpaid obligations, actual	(6,203)	(10,251)
Change in uncollected customer payments from Federal sources	3,479	2,742
Obligated balance, net, end of period		
Unpaid obligations	174,104	139,064
Less: Uncollected customer payments from Federal sources	(15,003)	(18,483)
Total, unpaid obligated balance, net, end of period	<u>159,101</u>	<u>120,581</u>
Net Outlays		
Gross outlays	537,814	512,979
Less: Offsetting collections	(178,616)	(173,740)
Less: Distributed offsetting receipts	(1,428)	(13,913)
Net Outlays	<u>\$ 357,770</u>	<u>\$ 325,326</u>

The accompanying notes are an integral part of these statements

Notes to Principal Statements

Note 1 – Summary of Significant Accounting Policies

A. Reporting Entity

The National Archives was created by statute as an independent agency in 1934. On September 30, 1949, the Federal Property and Administrative Services Act transferred the National Archives to the General Services Administration (GSA), and its name was changed to National Archives and Records Services. It attained independence again as an agency in October 1984 (effective April 1, 1985) and became known as the National Archives and Records Administration (NARA).

NARA is our nation's records keeper. NARA safeguards records of all three branches of the Federal Government. NARA's mission is to ensure continuing access to the essential documentation of the rights of American citizens and the actions of their government, and to facilitate historical understanding of our national experience.

NARA is administered under the supervision of the Archivist of the United States. It comprises various Operating Administrations, each having its own management and organizational structure, which collectively provide services and access to the essential documentation. NARA's accompanying financial statements include accounts of all funds under NARA's control.

General Funds

- Operating Expenses
 - Records Services—Provides for selecting, preserving, describing, and making available to the general public, scholars, and Federal agencies the permanently valuable historical records of the Federal Government and the historical materials and Presidential records in Presidential Libraries; for preparing related publications and exhibit programs; and for conducting the appraisal of all Federal records.
 - Archives Related Services—Provides for the publication of the Federal Register, the Code of Federal Regulations, the U.S. Statutes-at-Large, and Presidential documents, and for a program to improve the quality of regulations and the public's access to them. This activity also includes the administration and reference service portions for the National Historical Publications and Records Commission.
 - The National Archives at College Park—Provides for construction and related services of the archival facility which opened to the public at the end of 1993.
- Electronic Records Archives—Provides for research, analysis, design, development and program management to build an Electronic Records Archive (ERA) that will ensure the preservation of and access to Government electronic records.
- Repairs and Restoration—Provides for the repair, alteration, and improvement of Archives facilities and Presidential Libraries nationwide. It funds the National Archives' efforts to provide adequate storage for holdings, to maintain its facilities in proper condition for public visitors, researchers, and employees in NARA facilities, and maintain the structural integrity of the buildings.
- National Historical Publications and Records Commission Grants—Provides for grants funding that the Commission makes, to local, state, and private institutions nationwide, to preserve and publish records that document American history.

Intragovernmental Fund

- Records Center Revolving Fund – Utilizes customer funding effectively to provide services on a standard price basis to Federal agency customers. The fund maintains low cost, quality storage and transfers, reference, re-file, and disposal services for records stored in regional service facilities. The program office develops transaction billing rates annually for the upcoming fiscal year. The rates are developed to ensure full cost recovery for the delivery of storage and services of records held by the fund for its customer agencies. The rate development process is reviewed for reasonableness by the revolving fund office and receives final approval from the Archivist. Adjustments, changes or additions to the rates are submitted to the Archivist for approval before implementation.

Trust Funds

- National Archives Gift Fund – The National Archives Trust Board solicits and accepts gifts or bequests of money, securities, or other personal property for the benefit of or in connection with the national archival and records activities administered by the National Archives and Records Administration (44 U.S.C. 2305).
- National Archives Trust Fund – The Archivist of the United States furnishes, for a fee, copies of unrestricted records in the custody of the National Archives (44 U.S.C. 2116). Proceeds from the sale of copies of microfilm publications, reproductions, special works and other publications, and admission fees to Presidential Library museums are deposited in this fund.

B. Basis of Accounting and Presentation

These statements have been prepared from the accounting records of NARA in conformity with accounting principles (GAAP) generally accepted in the United States, and the requirements of the Office of Management and Budget (OMB) Circular A-136, *Financial Reporting Requirements*. These statements are, therefore, different from the financial reports prepared by NARA, also subject to OMB directives, for the purposes of reporting and monitoring NARA's status of budget resources.

Transactions are recorded on both an accrual and budgetary basis of accounting. Under the accrual basis, revenues are recognized when earned, and expenses are recognized when a liability is incurred, without regard to receipt or payment of cash. Budgetary accounting facilitates compliance with legal constraints and control over the use of Federal funds.

C. Funds with the U.S. Treasury and Cash

Funds with the U.S. Treasury primarily represent appropriated, revolving and trust funds. These funds may be used by NARA to finance expenditures. NARA's cash receipts and disbursements are processed by the U.S. Treasury.

Cash consists of petty cash imprest funds at Presidential Libraries and the National Archives regional and headquarters store locations, used to finance the cashiers' start-up cash.

D. Accounts Receivable

Majority of accounts receivable consist of amounts due from Federal agencies, which are expected to be collected, and therefore are not considered for allowance for uncollectible accounts. For amounts due from the public NARA changed its policy in FY 2007 to directly write off uncollectible receivables based on an analysis of the outstanding balances.

E. Investments in Securities

Investments in Federal securities are made daily and are reported at cost.

NARA also employs the services of a third party capital management firm to monitor and manage the endowments, received pursuant to Title 44 U.S.C. section 2112, for the George Bush

Library and Clinton Library. The purpose of the endowment is to provide income to offset the operations and maintenance costs of the corresponding Presidential library. Each endowment is reflected as a separate investment account in a Collective Fund. NARA also exercises its authority under Title 44 U.S.C. section 2306, to move a portion of federally held investments for the Presidential Libraries to a third party investment firm, The Vanguard Group. All third party investments are recorded at fair value and interest income earned will be recognized on a monthly basis.

F. Inventories

The National Archives Trust Fund inventories, which consist of merchandise, held for sale, are stated at the lower of cost or market, with cost determined using the average cost method. An allowance for damaged and obsolete goods is based on historical analysis and an evaluation of inventory turnover from year to year. Expenses are recorded when the inventories are sold.

G. Property, Plant and Equipment

NARA capitalizes property with a cost equal to or exceeding \$50 thousand and a useful life exceeding two years. Depreciation expense is calculated using the straight-line method over the useful life. Property items not meeting the capitalization criteria are expensed.

NARA's PP&E falls into two categories: general PP&E and heritage assets. General PP&E items are used to provide general government goods and services. Heritage assets are defined as possessing significant educational, historic, cultural or natural characteristics, and are not included in the general PP&E. (See Note 7)

Multi-use heritage assets are heritage assets that are used predominantly for general government operations. The costs of acquisition, significant betterment or reconstruction of multi-use heritage assets are capitalized as general PP&E and depreciated, and are included on the Balance Sheet as general PP&E.

H. Internal Use Software

NARA capitalizes internal-use software development projects, where the total cost is \$250 thousand or greater. Internal-use software includes commercial off-the-shelf (COTS) software and internally developed or contractor developed software. The estimated useful life is 5 years.

I. Federal Employee Benefits

Employee Health and Life Insurance Benefits

All permanent NARA employees are eligible to participate in the contributory Federal Employees Health Benefit Program (FEHBP) and the Federal Employees Group Life Insurance Program (FEGSIP) and may continue to participate after retirement. Both of these programs require contributions from the employee based on the coverage options selected by the employee. NARA makes contributions for the required employer share through the Office of Personnel Management (OPM) to FEHBP and FEGSIP, which are recognized as operating expenses.

The Office of Personnel Management (OPM) administers and reports the liabilities for the post-retirement portion of these benefits. These costs are financed by OPM and imputed to all Federal agencies, including NARA. Using the cost factors supplied by OPM, NARA recognizes an expense for the future cost of postretirement health benefits and life insurance for its employees as imputed cost on the Statement of Net Costs and imputed financing sources on the Statement of Changes in Net Position.

Employee Retirement Benefits

All permanent NARA employees participate in either the Civil Service Retirement System (CSRS) or the Federal Employee Retirement System (FERS). NARA makes the required employer contributions to CSRS and FERS and matches certain employee contributions to the thrift savings component of FERS. All of these payments are recognized as operating expenses. The pension expense recognized in the financial statements equals the current service cost for

NARA's employees for the accounting period less the amount contributed by the employees. OPM, the administrator of these plans, supplies NARA with factors to apply in the calculation of the service cost. These factors are derived through actuarial cost methods and assumptions. The excess of the recognized pension expense over the amount contributed by NARA and its employees represents the amount being financed directly by OPM and is considered imputed financing to NARA; appearing as an imputed cost on the Statement of Net Cost and an imputed financing source on the Statement of Changes in Net Position.

Workers' Compensation Program

The Federal Employees Compensation Act (FECA) provides income and medical cost protection to covered Federal civilian employees injured on the job, to employees who have incurred work-related occupational diseases, and to beneficiaries of employees whose deaths are attributable to job-related injuries or occupational diseases. The FECA program is administered by the U.S. Department of Labor (DOL), which pays valid claims and subsequently seeks reimbursement from NARA for these paid claims.

Actuarial FECA liability represents the liability for expected future workers' compensation benefits, which includes the liability for death, disability, medical, and miscellaneous costs for approved cases. The actuarial liability is determined by DOL annually, as of September 30, using a method that utilizes historical benefits payment patterns related to a specific incurred period, wage inflation factors, medical inflation factors and other variables. These actuarially computed projected annual benefit payments are discounted to present value using OMB's economic assumptions for ten-year Treasury notes and bonds. NARA computes its actuarial FECA liability based on the model provided by DOL and presents it as a liability to the public because neither the costs nor reimbursements have been recognized by DOL (see Note 8 and 10).

J. Accrued Annual, Sick and Other Leave

Annual leave is accrued as it is earned, and the accrual is reduced as leave is taken. At the end of each fiscal year, the balance in the accrued annual leave liability account is adjusted to reflect current pay rates. The amount of the adjustment is recorded as an expense. Current or prior year appropriations are not available to fund annual leave earned but not taken. This liability is not covered by budgetary resources, as detailed in Note 8. Funding occurs in the year the leave is taken and payment is made for the appropriated funds. The trust and revolving funds, are fully funding the annual leave earned but not taken, and are including it in the total liabilities covered by budgetary resources.

Sick leave and other types of non-vested leave are expensed as taken. See Notes 8 and 10.

K. Use of Estimates

The preparation of financial statements requires management to make certain estimates and assumptions that affect the reported amounts of assets and liabilities and the reported amounts of revenue and expenses during the reporting period. Actual results may differ from those estimates.

L. Contingencies and Commitments

NARA generally recognizes an unfunded liability for those legal actions where unfavorable decisions are considered "probable" and an estimate for the liability can be made. Contingent liabilities that are considered "possible" are disclosed in the notes to the financial statements. Liabilities that are deemed "remote" are not recognized or disclosed in the financial statements.

M. Allocation of Program Management Cost

NARA is comprised of various Operating Administrations, each having its own management and organizational structure. NARA allocates its general management and administrative support to its major components, Records and archives-related services and Revolving fund. General management costs are not allocated to the Trust and Gift Funds, since they are administered by the National Archives Trust Fund Board, which is an organization independent of, and not funded by, NARA (see Note 14). All other programs appearing on the Statement of

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Net Cost, such as Electronic Records Archives and National Historic Publications and Records Commission Grants are, in essence, a part of the Records and Archives-related services, which funds the related administrative costs. These sub-programs are shown separately for the purpose of demonstrating accountability and custodial responsibility for the funds received for these programs.

N. Earmarked Funds

NARA is subject to the Statement of Federal Financial Accounting Standards (SFFAS) Number 27, *Identifying and Reporting Earmarked Funds*, which requires separate identification of the earmarked funds on the Balance Sheet, Statement of Changes in Net Position, and further disclosures in a footnote (see Note 13). Earmarked funds are defined when the following three criteria are met: (1) a statute committing the Federal Government to use specifically identified revenues and other financing sources only for designated activities, benefits, or purposes; (2) explicit authority for the earmarked fund to retain revenues and other financing sources not used in the current period for future use to finance the designated activities, benefits, or purposes; and (3) a requirement to account for and report on the receipt, use, and retention of the revenues and other financing sources that distinguishes the earmarked fund from the Government's general revenues.

Note 2 – Fund Balance with Treasury and Cash

Fund balances (in thousands)	2008	2007
Appropriated funds	\$ 179,511	\$ 142,654
Revolving fund	32,881	32,629
Trust fund	145	516
Gift fund	101	101
Other funds	442	104
Total	\$ 213,080	\$ 176,004

Status of Fund Balances with Treasury		
Unobligated Balance		
Available	40,412	42,375
Unavailable	13,567	13,047
Obligated Balance not yet disbursed	158,659	120,478
Other funds	442	104
Total	\$ 213,080	\$ 176,004

Unavailable unobligated balance includes the following

Allotments - Expired Authority	\$ 13,567	\$ 13,047
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Restricted donations, included in the available unobligated and obligated balance above, are obligated in accordance with the terms of the donor. All donations to Presidential Libraries and the National Archives with specific requirements are considered restricted as to purpose. The endowments for the Presidential Libraries are restricted and have been obligated and invested in non-federal investments. The restricted balance as of September 30, 2008 is \$11,323 thousand (of which \$667 thousand is unobligated) and \$12,493 thousand as of September 30, 2007 (of which \$798 thousand is unobligated).

Other Funds represent clearing fund accounts and non-entity FBWT funds. The clearing fund accounts include transactions awaiting determination of proper accounting disposition. The non-entity FBWT funds consist of revenue collected and due to the Reagan and Clinton Foundations, subject to revenue sharing agreement with the Trust Fund.

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The unused fund balance of \$3,354 thousand in canceled appropriation for FY 2003 was returned to Treasury at the end of the fiscal year.

Note 3 – Investments

Investments as of September 30, 2008 and 2007 consist of the following
(in thousands)

Amounts for FY 2008 Balance Sheet Reporting					
	Cost	Interest Receivable	Investments, Net	Other Adjustments	Market value disclosure
Intragovernmental Securities					
Non-Marketable	\$ 10,957	\$ -	\$ 10,957	\$ -	\$ 10,957
Total Intragovernmental	\$ 10,957	\$ -	\$ 10,957	\$ -	\$ 10,957
Other securities					
Vanguard Intermediate Term Investment - Admiral	11,810	-	11,810	(1,168)	10,642
Vanguard Emerging Markets Stock Index Fund	539	9	548	(145)	403
Vanguard Developed Markets Index Fund	1,161	30	1,191	(207)	984
Vanguard Total Bond Market Index Fund-Admiral	6,352	-	6,352	41	6,393
Vanguard Total Stock Market Index Fund-Admiral	1,335	2	1,337	(185)	1,152
Vanguard PRIMECAP Core Fund	994	7	1,001	(62)	939
Total Other	22,191	48	22,239	(1,726)	20,513
Total Investments	\$ 33,148	\$ 48	\$ 33,196	\$ (1,726)	\$ 31,470

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Amounts for 2007 Balance Sheet Reporting					
	Cost	Interest Receivable	Investments, Net	Other Adjustments	Market value disclosure
Intragovernmental Securities					
Non-Marketable	\$ 8,340	\$ 2	\$ 8,342	\$ -	\$ 8,342
Total Intragovernmental	\$ 8,340	\$ 2	\$ 8,342	\$ -	\$ 8,342
Other securities					
Vanguard Intermediate Term Investment - Admiral	11,773	-	11,773	(127)	11,646
Emerging Markets Stock Index Fund	504	3	507	55	562
Vanguard Developed Markets Index Fund	898	19	917	193	1,110
Vanguard Total Bond Market Index Fund-Admiral	6,008	-	6,008	116	6,124
Vanguard Total Stock Market Index Fund-Admiral	1,316	2	1,318	150	1,468
Vanguard PRIMECAP Core Fund	910	6	916	146	1,062
Total Other	21,409	30	21,439	533	21,972
Total Investments	\$ 29,749	\$ 32	\$ 29,781	\$ 533	\$ 30,314

Other securities represent investments in short-term investment funds and fixed-income securities.

Intra-governmental Investments in Treasury Securities-Investments for Earmarked Funds

The Federal Government does not set aside assets to pay future benefits or other expenditures associated with earmarked funds. The cash receipts collected from the public for an earmarked fund are deposited in the U.S. Treasury, which uses the cash for general Government purposes. Treasury securities are issued to the Gift and Trust funds as evidence of its receipts. Treasury securities are an asset to the Gift and Trust funds and a liability to the U.S. Treasury. Since the Gift and Trust funds and the U.S. Treasury are both parts of the Government, these assets and liabilities offset each other from the standpoint of the Government as a whole. For this reason, they do not represent an asset or a liability in the U.S. Government-wide financial statements.

Treasury securities provide the Gift and Trust funds with authority to draw upon the U.S. Treasury to make future benefit payments or other expenditures. When the Gift and Trust funds require redemption of these securities to make expenditures, the Government finances those expenditures out of accumulated cash balances, by raising taxes or other receipts, by borrowing from the public or repaying less debt, or by curtailing other expenditures. This is the same way that the Government finances all other expenditures.

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Note 4 – Accounts Receivable, Net

Accounts receivable consisted of the following:

(in thousands)

	2008		2007	
	Intra-governmental	With the public	Intra-governmental	With the public
Accounts receivable	\$ 12,446	\$ 596	\$ 9,789	\$ 554

Note 5 – Inventories

Inventories consist of merchandise held available for current sale at gift shops in the Presidential Libraries and the National Archives buildings.

(in thousands)

	2008	2007
Inventory held for sale	\$ 1,379	\$ 1,290
Allowance for damaged and obsolete goods	(259)	(263)
Net realizable value	\$ 1,120	\$ 1,027

Note 6 - General Property, Plant and Equipment, Net

The following components comprise Property, Plant and Equipment as of September 30, 2008 and 2007 (in thousands):

Asset category	Estimated useful life in years	Acquisition cost	Accumulated depreciation/amortization	2008	2007
				Net book value	Net book value
Land	N/A	\$ 6,159	\$ -	\$ 6,159	\$ 6,159
Buildings and structures	30	388,960	(182,162)	206,798	218,023
Construction and shelving in progress	N/A	21,820	-	21,820	16,061
Equipment & Shelving	3 to 20	77,704	(49,549)	28,155	22,402
Leasehold Improvements	5	6,907	(1,007)	5,900	2,792
Assets under capital lease	20	5,284	(3,226)	2,058	2,322
Internal-use software	5	159,039	(42,321)	116,718	17,073
Software development in progress	N/A	28,372	-	28,372	93,039
Total property, plant and equipment		\$ 694,245	\$ (278,265)	\$ 415,980	\$ 377,871

NARA owns two pieces of land, which are sites for current (Atlanta, GA) or future (Alaska) multi-use regional archival facilities, and is therefore also deemed multi-use.

Buildings and structures presented on the balance sheet consist of the National Archives facility at College Park and the Southeast Regional Archives in Atlanta, GA which are multi-use heritage assets. Buildings deemed purely heritage assets are not included on the balance sheet, and are described further in Note 7.

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Note 7 - Stewardship PP&E

NARA is a custodian to multiple assets classified as heritage, including the National Archives Building in Washington, DC, all Presidential Libraries, as well as traditional and electronic holdings, and a variety of artifacts. These heritage assets are integral to the mission of the National Archives and Records Administration to safeguard, preserve, and ensure continuing access to the records of our Government. Heritage assets are not included on the Balance Sheet, as no financial value is, nor can be, placed on these assets.

In accordance with Statement of Federal Financial Accounting Standard (SFFAS) #29, a brief description and the number of physical units of the major categories of heritage assets have been moved from the Required Supplementary Information for fiscal year 2008 and appear below. The major categories of heritage assets for NARA are buildings designated as heritage or multi-use heritage assets, and NARA archival holdings.

	<u>2008</u>	<u>2007</u>
Record types		
Traditional Holdings (in cubic feet)		
Presidential Libraries ¹	256,707	234,607
Office of Regional Records Services	1,022,055	707,612
Washington, DC	2,440,290	2,394,344
Affiliated archives	12,425	12,425
Total	<u>3,731,477</u>	<u>3,348,988</u>
Electronic Holdings (in logical data records)		
Presidential Libraries ¹	35,308,040	35,308,040
Washington, DC	5,487,402,151	4,701,604,189
Total	<u>5,522,710,191</u>	<u>4,736,912,229</u>
Non-record types		
Buildings and structures (in units)		
Presidential Libraries (structures)	19	19
National Archives Building	1	1
Multi-use heritage asset-building	2	2
Total	<u>22</u>	<u>22</u>
Land in pieces, multi-use	2	2

¹Archival holding numbers for the Presidential Libraries represent processed and unprocessed records. Unprocessed Presidential records are available to the public only through the Freedom of Information Act (FOIA) process, which may involve significant waiting periods at the newer libraries, depending on the number of requests at the Library and the levels of review required. Other than at the Presidential Libraries, accessioned Federal records, whether processed or unprocessed, are available to the public subject to various exemptions of FOIA. (See Performance Section 2.2 for more details on the performance data on processing records).

Archival holdings consist of the following record types:

- Traditional Textual (paper) are records on paper whose intellectual content is primarily textual. The unit of measure for traditional textual is cubic feet.
- Traditional Non-textual (all media) category includes all records not classified as textual (paper), artifacts, or electronic records. It includes still pictures on paper and film; posters; architectural drawings, charts, maps and other cartographic records on paper; textual records on microfilm; as well as motion pictures, video, sound recordings, and other clearly non-textual records. The unit of measure for traditional non-textual is cubic feet.
- Electronic records are records on electronic storage media. At NARA, the unit of measure for electronic records is the *logical data record*, or *LDR*. This is an intellectual unit of measure, as opposed to physical units, such as files or megabytes. The LDR is analogous to an archival item, the minimal record of interest to a researcher. An example of LDR is one word processing document; one spreadsheet; one email (with attachments); one record in a database; one digital photograph, etc.

During FY 2007 using improved counting tools, NARA re-measured our electronic holdings in LDR's, which led to a great decrease in the count from prior years. The old unit of measure, *logical records (LR)*, is a concept from the early days of computing, representing one punch card, or one line of a report. For older databases, the LDR and the LR have a one to one relationship. But for newer accessions with word processing documents and emails, this correlation breaks down. An email may have multiple logical records, one for each line of text. However, it clearly represents a single LDR – one archival item. The re-measurement allowed for a more meaningful presentation.

While the complete physical examination of each old file for re-measurement was not cost-effective, NARA estimates that less than 1% of FY2008 LDR count actually represents the old LR unit of measure. It will become even a smaller percentage in the years ahead as NARA accessions more records.

The LDRs shown have all been processed and are available for public access – unless otherwise restricted due to the Privacy Act, the Presidential Records Act, security classification, or the like. (See Performance Section 3.1 for more details on LDR re-measure and the performance data on accessioning backlog).

In addition to *buildings and structures* and *traditional holdings*, each of the twelve Presidential Library museums is a repository to a collection of artifacts, preserved and exhibited to promote public understanding of the history of the period, the respective Presidential administration, and the career of the President. NARA currently counts each Presidential Library museum collection of artifacts as a single collection. These collections include gifts from foreign heads of state, luminaries and common citizens with artifacts ranging from high value items, including firearms, jewelry, and works of art, coins and currency to tee shirts, trinkets and curiosities. As part of its action plan to address its *Presidential Library Inventory Controls* material weakness, NARA is undertaking an immense effort of evaluation and complete physical inventory of artifacts within each collection.

The current condition of general and heritage assets PP&E, the physical quantity of current year acquisitions, the description of the major methods of acquisition, and the estimated cost of deferred maintenance are reported in Required Supplementary Information. The costs of repairs and renovations to the heritage asset buildings are presented separately on the Statement of Net Cost as "Heritage asset renovation costs", and detailed in Note 15.

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Note 8 – Liabilities not covered by Budgetary Resources

Liabilities not covered by budgetary resources are liabilities that are not funded by direct budgetary authority in the current fiscal year and result from the receipt of goods and services, or the occurrence of eligible events, for which appropriations, revenues, or other financing sources necessary to pay the liabilities have not yet been made available through Congressional appropriation. Liabilities not covered by budgetary resources as of September 30, 2008 and 2007, consist of the following:

(in thousands)

	<u>2008</u>	<u>2007</u>
Intragovernmental		
Workers' compensation	\$ 773	\$ 434
Total intragovernmental	<u>773</u>	<u>434</u>
Debt held by the public	205,868	216,841
Accrued unfunded leave	9,397	8,649
Workers' compensation-actuarial liability	11,338	10,666
Total liabilities not covered by budgetary resources	<u>227,376</u>	<u>236,590</u>
Total liabilities covered by budgetary resources	<u>51,723</u>	<u>50,991</u>
Total liabilities	<u>\$ 279,099</u>	<u>\$ 287,581</u>

Note 9 - Debt Held by the Public

Public Law 100-440 authorized NARA to “enter into a contract for construction and related services for a new National Archives facility. . . . The contract shall provide, by lease or installment payments payable out of annual appropriations over a period not to exceed thirty years.”

In 1989, NARA entered into an installment sale and trust agreement with the trustee, United States Trust Company of New York. Under terms of this agreement, the trustee obtained financing for the construction of the National Archives at College Park through the sale of certificates representing proportionate shares of ownership. NARA is paying off the debt in semiannual installments.

Although the full amount financed of \$301,702 thousand was included (scored) for U.S. budget estimation purposes in fiscal year 1989, NARA requires a congressional appropriation to pay the redemption of debt (principal) and interest costs of \$28,971 thousand, annually. The 25-year semiannual payments of \$14,486 thousand began in 1994 and will be completed in 2019.

(in thousands)

	<u>2008</u>	<u>2007</u>
Beginning balance - Principal	\$ 215,316	\$ 225,342
Less : Debt repayment	10,896	10,026
Ending balance - Principal	<u>204,420</u>	<u>215,316</u>
Accrued interest payable	1,448	1,525
Total Debt at September 30	<u>\$ 205,868</u>	<u>\$ 216,841</u>

Note 10 – Other Liabilities

Other Liabilities as of September 30, 2008 and 2007 consists of the following:

(in thousands)

	2008		
	Non-Current	Current	Total
Intragovernmental			
Workers' and unemployment compensation	\$ 1,512	\$ 1,047	\$ 2,559
Capital lease liability	614	93	707
Accrued payroll	-	1,903	1,903
Advances from others	-	387	387
Total Intragovernmental	2,126	3,430	5,556
Workers' compensation	11,338	-	11,338
Accrued funded payroll and leave	-	13,621	13,621
Unfunded leave	9,397	-	9,397
Other liabilities	-	2	2
Advances from others	-	770	770
Total other liabilities	\$ 22,861	\$ 17,823	\$ 40,684
	2007		
	Non-Current	Current	Total
Intragovernmental			
Workers' and unemployment compensation	\$ 1,385	\$ 1,151	\$ 2,536
Capital lease liability	661	133	794
Accrued payroll	-	1,399	1,399
Advances from others	-	508	508
Total Intragovernmental	2,046	3,191	5,237
Workers' compensation	10,666	-	10,666
Accrued funded payroll and leave	-	9,976	9,976
Unfunded leave	8,649	-	8,649
Other liabilities	-	109	109
Advances from others	-	265	265
Due to others	-	-	-
Total other liabilities	\$ 21,361	\$ 13,541	\$ 34,902

Note 11 – Leases

NARA leases office space, vehicles, copiers, and equipment under annual operating leases. These leases are cancelable or renewable on an annual basis at the option of NARA.

The NARA Revolving Fund conducts the major part of its operation from leased facilities, where most of the leases are cancelable operating leases. These leases may be cancelled with four months notice, or, in the case of the new Atlanta lease, may be terminated for convenience by NARA, under the provisions of the Federal Acquisitions Regulations.

Only one lease is classified as a capital lease. The capital lease represents liability for shelving leased through GSA at the Philadelphia records facility. It expires in December 2014. A similar capital lease at the Dayton facility expired in September 2007, with no future payments due. Net capital lease liability is covered by budgetary resources, and included in Intragovernmental Liabilities, Other.

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The schedule below shows the future minimum payments under the capital lease with the present value of the future minimum lease payments (in thousands):

Capital Leases - NARA as lessee	2008	2007
Summary of assets under capital lease:		
Shelving	\$ 5,284	\$ 5,284
Accumulated amortization	(3,226)	(2,962)
Description of Lease Arrangements		
Future payments due		
<u>Fiscal year</u>		
2009	\$ 146	
2010	146	
2011	146	
2012	146	
2013	146	
After 2013	159	
Total future lease payments	889	
Less: imputed interest	182	
Net capital lease liability	\$ 707	

NARA also has the following non-cancelable operating leases with GSA, which include no renewal options:

Records facility	Lease Period
Pittsfield, Massachusetts	January 5, 1994 through January 4, 2014
Dayton (Kingsridge), Ohio	September 1, 2004 through December 31, 2022
Lenexa, Kansas	February 1, 2003 through January 31, 2023
St. Louis, Missouri	February 1, 2010 through January 31, 2030

Other non-cancelable operating leases are with public corporations which cover the Perris, CA and Atlanta, GA records facilities. The lease periods for Perris, CA are December 1, 2004 through December 1, 2024 and for Atlanta, GA is October 1, 2004 through September 30, 2024. Both leases have three ten year renewal options after the initial period. NARA also has a non-cancelable operating lease with a public corporation which covers the Ft. Worth, Texas records facility. The lease period is October 1, 2006 through September 30, 2026.

During FY2008, NARA entered into two new non-cancelable leases to replace its NPRC facility in St. Louis. One, for permanent records, will be leased from and managed by GSA (see table above). The other, the Annex in Valmeyer, Illinois, is a non-cancelable operating lease with a public corporation, for the period of October 1, 2008 through September 30, 2028, to house temporary records.

All GSA and public corporations leases include escalation clauses for operating costs tied to inflationary increases and for real estate taxes tied to tax increases. The minimum future lease payments detailed below reflect estimated escalations for such increases. These amounts will be adjusted to the actual costs incurred by the lessor.

In addition, NARA has a non-cancelable operating lease with Potomac Electric Power Company for a parcel of land used for a parking lot at National Archives II, College Park. The lease is for 20 years, from May 2003 thru April 2023, and contains a set schedule of payments due.

The schedule below shows the total future non-cancelable lease payments by asset class (in thousands):

Operating Leases - NARA as lessee			
Future payments due:	Asset Category		
<u>Fiscal year</u>	<u>Land</u>	<u>Buildings</u>	
2009	\$ 126	\$ 14,045	
2010	129	21,318	
2011	132	24,476	
2012	135	24,707	
2013	139	24,977	
After 2013	1,519	324,914	
Total future lease payments	\$ 2,180	\$ 434,437	

Note 12 – Commitments and Contingencies

NARA has incurred claims in the normal course of business. As of September 30, 2008, in the opinion of General Counsel, NARA has no material outstanding claims. The aggregate potential loss to NARA on all outstanding claims, with a reasonable possibility of an unfavorable outcome is estimated not to exceed \$ 4 thousand. This amount reflects the fact that any settlements or awards on a tort claim over \$2,500, are payable by the U.S. Treasury Judgment Fund, and not by NARA.

Note 13 - Earmarked Funds

Earmarked funds are financed by specifically identified revenues, which remain available over time. These specifically identified revenues are required by statute to be used for designated activities, or purposes, and must be accounted for separately from the Government’s general revenues. NARA has two funds that are considered earmarked funds; National Archives Trust Fund (NATF) and National Archives Gift Fund (NAGF), which are administered by the National Archives Trust Fund Board.

Congress established the National Archives Trust Fund Board to receive and administer gifts and bequests and to receive monies from the sale of reproductions of historical documents and publications for activities approved by the Board and in the interest of NARA and the Presidential Libraries.

The members of the Board are the Archivist of the United States, who serves as chairman; the Secretary of the Treasury; and the chairman of the National Endowment for the Humanities. Membership on the board is not an office within the meaning of the statutes of the United States. The membership, functions, powers and duties of the National Archives Trust Fund Board shall be as prescribed in the National Archives Trust Fund Board Act of July 9, 1941, as amended (44 U.S. C. 2301-2308). These bylaws are adopted pursuant to the authority vested in the Board by 44 U.S. C. 2303 (3) to adopt bylaws, rules and regulations necessary for the administration of its function under this chapter.

NATF finances and administers the reproduction or publication of records and other historical materials. NAGF accepts, receives, holds and administers, in accordance with the terms of the donor, gifts, or bequests of money, securities, or other personal property for the benefit of NARA activities. The major areas of activity for these funds are Presidential Libraries, the Office of Regional Records Services, and the National Historical Publications and Records Commission.

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Financial Information for NATF and NAGF as of September 30, 2008 and 2007 consists of the following:

(in thousands)	2008		
	NATF	NAGF	Total Earmarked Funds
Balance Sheet as of September 30, 2008			
Assets			
Fund balance with Treasury	\$ 587	\$ 101	\$ 688
Cash	49	-	49
Investments, net	16,993	14,477	31,470
Accounts receivable	439	-	439
Inventory	1,120	-	1,120
Property, plant and equipment	21	-	21
Total assets	19,209	14,578	33,787
Liabilities			
Accounts payable	1,122	37	1,159
Other liabilities	1,509	-	1,509
Total liabilities	2,631	37	2,668
Net position			
Cumulative results of operations			
Restricted	-	11,323	11,323
Unrestricted	16,578	3,218	19,796
Total net position	16,578	14,541	31,119
Total liabilities and net position	19,209	14,578	33,787
Statement of Net Cost for the Period Ended September 30, 2008			
Gross Program Costs	17,740	836	18,576
Less Earned Revenues	18,787	-	18,787
Net Costs of Operations	\$ (1,047)	\$ 836	\$ (211)
Statement of Changes in Net Position For the Period Ended September 30, 2008			
Net position, Beginning of fiscal year	15,078	15,874	30,952
Non-exchange revenue	6	777	783
Donations	-	534	534
Transfers-in/out without reimbursements	-	(632)	(632)
Other Budgetary Financing Sources	-	65	65
Imputed financing from costs absorbed by others	447	-	447
Other Financing Sources	-	(1,241)	(1,241)
Total financing sources	453	(497)	(44)
Net cost of operations	(1,047)	836	(211)
Change in Net Position	1,500	(1,333)	167
Net Position, End of fiscal year	\$ 16,578	\$ 14,541	\$ 31,119

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(in thousands)	2007		
	NATF	NAGF	Total Earmarked Funds
Balance Sheet as of September 30, 2007			
Assets			
Fund balance with Treasury	\$619	\$ 101	\$ 720
Cash	51	-	51
Investments, net	14,526	15,788	30,314
Accounts receivable	366	-	366
Inventory	1,027	-	1,027
Property, plant and equipment	32	-	32
Total assets	16,621	15,889	32,510
Liabilities			
Accounts payable	556	16	572
Other liabilities	986	-	986
Total liabilities	1,542	16	1,558
Net position			
Cumulative results of operations			
Restricted	-	12,493	12,493
Unrestricted	15,079	3,380	18,459
Total net position	15,079	15,873	30,952
Total liabilities and net position	16,621	15,889	32,510
Statement of Net Cost for the Period Ended September 30, 2007			
Gross Program Costs	16,918	2,620	19,538
Less Earned Revenues	18,094	-	18,094
Net Costs of Operations	\$ (1,176)	\$ 2,620	\$ 1,444
Statement of Changes in Net Position For the Period Ended September 30, 2007			
Net position, Beginning of fiscal year	\$ 13,380	\$ 15,794	\$ 29,174
Non-exchange revenue	-	821	821
Donations	-	1,724	1,724
Other Budgetary Financing Sources	-	398	398
Imputed financing from costs absorbed by others	522	-	522
Other Financing Sources	-	(243)	(243)
Total financing sources	522	2,700	3,222
Net cost of operations	(1,176)	2,620	1,444
Change in Net Position	1,698	80	1,778
Net Position, End of fiscal year	\$15,078	\$15,874	\$ 30,952

The elimination column was omitted because there was no elimination activity.

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Note 14 – Intragovernmental Costs and Exchange Revenues by Program
(in thousands)

	<u>2008</u>	<u>2007</u>
Records and Archives Related Services		
Intragovernmental gross costs	\$ 51,176	\$ 48,049
Public costs	256,031	234,845
Total Records and Archives-Related Service Costs	307,207	282,894
Intragovernmental earned revenue	261	545
Public earned revenue	0	0
Total Records and Archives-Related Service Earned Revenue	261	545
Trust and Gift Funds		
Intragovernmental gross costs	2,176	4,375
Public costs	12,273	10,621
Heritage asset renovation costs (Note 16)	0	1,200
Total Trust and Gift Funds Costs	14,449	16,196
Intragovernmental earned revenue	909	1,270
Public earned revenue	17,513	16,824
Total Trust and Gift Funds Earned Revenue	18,422	18,094
Electronic Records Archives		
Intragovernmental gross costs	6,397	3,873
Public costs	3,488	3,218
Total Electronics Records Archives Costs	9,885	7,091
National Historical Publications and Records Commission Grants		
Intragovernmental gross costs	0	0
Public costs	5,511	5,681
Total National Historical Publications and Records Commission Grants Costs	5,511	5,681
Archives Facilities and Presidential Libraries Repairs and Restoration		
Intragovernmental gross costs	4	0
Public costs	96	888
Heritage asset renovation costs (Note 16)	11,165	3,667
Total Archives Facilities and Presidential Libraries Repairs and Restoration Costs	11,265	4,555
Revolving Fund Records Center Storage and Services		
Intragovernmental gross costs	70,035	68,847
Public costs	79,340	75,989
Total Revolving Fund Records Center Storage and Service Costs	149,375	144,836
Intragovernmental earned revenue	141,088	135,144
Public earned revenue	1,244	871
Total Revolving Fund Records Center Storage and Services Earned Revenue	\$ 142,332	\$ 136,015

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Gross costs are classified on the basis of the sources of goods and services. Intragovernmental gross costs are expenses related to purchases from a Federal entity. Intragovernmental earned revenue represents exchange transactions between NARA and other Federal entities.

Public costs are expenses related to purchases from a non-Federal entity, and the exchange revenue is classified as "public earned revenue" where the buyer of the goods or services is a non-Federal entity.

Note 15 – Cost of Stewardship PP&E

Stewardship assets consist of heritage assets as defined in Note 7. The Consolidated Statement of Net Cost includes the following costs to renovate heritage assets buildings and structures, as of September 30, 2008 and 2007 (in thousands):

<i>Asset</i>	2008		2007	
	<u><i>Gift</i></u>	<u><i>Appropriation</i></u>	<u><i>Gift</i></u>	<u><i>Appropriation</i></u>
National Archives Building	-	\$ 2,261	\$ 1,200	\$ 1,448
<u>Libraries:</u>				
Roosevelt	-	285	-	151
Hoover	-	78	-	651
Truman	-	930	-	50
Eisenhower	-	150	-	18
Kennedy	-	27	-	163
Johnson	-	5,328	-	572
Nixon	-	1,118	-	26
Ford	-	97	-	89
Carter	-	320	-	22
Reagan	-	334	-	72
Bush	-	233	-	397
Clinton	-	4	-	8
Total	-	\$ 11,165	\$ 1,200	\$ 3,667

The Nixon library was transferred to the National Archives on July 11, 2007. The costs incurred prior to this date were for efforts to evaluate the condition of the building prior to acceptance of the library. For additional information about NARA's Stewardship Assets see Note 7 and Required Supplementary Information.

Note 16 – Stewardship PP&E Acquired Through Transfer, Donation or Devise

Other than permanent records accessioned from other Federal Agencies, NARA may gain ownership of heritage assets received through gifts of money, security or other property. The National Archives Gift fund receives and accepts, holds and administers in accordance with the terms of the donor, gifts or bequests for the benefit of the National Archives Gift Fund activities or Presidential Libraries. Additional information about heritage assets is presented in Note 7, and detailed by the type and quantity of heritage assets.

Note 17 - Apportionment Categories of Obligations Incurred

OMB typically uses one of two categories to distribute budgetary resources subject to apportionment in a fund. Apportionments that are distributed by fiscal quarters are classified as category A. Category B apportionments usually distribute budgetary resources by activities,

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project, objects or a combination of these categories. NARA's Trust fund remains exempt from apportionment.

The amounts of direct and reimbursable obligations incurred (in thousands).

	Category A		Category B		Exempt		Total	
	2008	2007	2008	2007	2008	2007	2008	2007
Direct	\$348,461	\$302,106	\$ 56,161	\$ 61,286	\$ -	\$ -	\$404,622	\$ 363,392
Reimbursable	2,529	1,534	154,503	141,458	17,404	16,841	174,436	159,833
Total	\$350,990	\$303,640	\$210,664	\$202,744	\$17,404	\$16,841	\$579,058	\$ 523,225

Note 18 - Legal Arrangements Affecting Use of Unobligated Balances

Public Law 110-5, February 15, 2007, Division B, Title I, Section 104 authorized that up to 50 percent of NARA's unobligated balances remaining available at the end of fiscal year 2007 to be available through the end of FY 2008. During FY 2008, \$194 thousand was transferred to 2008 appropriation account.

Note 19 - Explanation of Differences between the Statement of Budgetary Resources and the Budget of the United States Government

Statement of Federal Financial Accounting Standards No. 7, *Accounting for Revenue and Other Financing Sources and Concepts for Reconciling Budgetary and Financial Accounting* calls for explanations of material differences between budgetary resources available, status of those resources and outlays as presented in the Statement of Budgetary Resources (SBR) to the related actual balances published in the *Budget of the United States Government* (President's Budget). However, the President's Budget that will include FY 2008 actual budgetary execution information has not yet been published. The *Budget of the United States Government* is scheduled for publication in January 2009. Accordingly, information required for such disclosure is not available at the time of preparation of these financial statements.

Instead, NARA FY 2007 SBR balances and the related President's Budget are shown in a table below for each major budget account in which a difference exists. The differences are primarily due to reporting requirement differences for expired and unexpired appropriations between the Treasury guidance used to prepare the SBR and the OMB guidance used to prepare the President's Budget. The SBR includes both unexpired and expired appropriations, while the President's Budget discloses only unexpired budgetary resources that are available for new obligations.

(in millions)

	2007			
	Budgetary Resources	Obligations Incurred	Distributed Offsetting Receipts	Net Outlays
Statement of Budgetary Resources	\$ 587	\$ 523	\$ 14	\$ 325
Difference-Expired appropriations	(18)	(3)	-	-
Budget of the U.S. Government	\$ 569	\$ 520	\$ 14	\$ 325

Note 20 - Undelivered orders at the end of the period

The amount of budgetary resources obligated for undelivered orders at September 30, 2008 and 2007 is \$122,972 thousand and \$88,851 thousand, respectively.

Note 21 – Reconciliation of Net Cost of Operations (proprietary) to Budget (formerly the Statement of Financing)

Reconciling budgetary resources obligated during the period to the Net Cost of Operations explains the relationship between the obligation basis of budgetary accounting and the accrual basis of financial (proprietary) accounting. Prior to FY 2007, this reconciliation appeared as the Statement of Financing.

The reconciliation starts with the net obligations incurred during the period. Net obligations incurred are amounts of new orders placed, contracts awarded, services received and other similar transactions that will require payments during the same or a future period. To arrive at the total resources used to finance operations, non-budgetary resources must be added to net obligations incurred. Non-budgetary resources include financing imputed for cost subsidies and unrealized gains and losses from non-federal securities being held by the Gift fund. Resources that do not fund net costs of operations are primarily the change in amount of goods, services and benefits ordered but not yet received, amounts provided in the current reporting period that fund costs incurred in prior years and amounts incurred for goods or services that have been capitalized on the balance sheet. These are deducted from the total resources. Costs that do not require resources in the current period consist of depreciation and asset revaluations. Financing sources yet to be provided are the financing amounts needed in a future period to cover costs incurred in the current period, such as unfunded annual leave and unfunded workers compensation. The costs that do not require resources in the current period and the financing sources yet to be provided are added to the total resources used to finance operations, to arrive at the net cost of operations for the current period.

<i>(in thousands)</i>	2008	2007
Net obligations incurred	\$ 396,290	\$ 328,064
Nonbudgetary Resources	17,554	17,659
Total resources used to finance activities	413,844	345,723
Resources that do not fund net cost of operations	(112,878)	(64,456)
Cost that do not require resources in the current period	30,580	23,011
Financing sources yet to be provided	5,131	2,322
Net cost of operations	<u>\$ 336,677</u>	<u>\$ 306,600</u>

Required Supplementary Information

Stewardship PP&E

A brief description and number of physical units of the major categories of heritage assets for NARA were moved to Note #7, in accordance with FASAB #29. The remaining information regarding the number of physical units acquired and a description of the acquisition methods are listed below.

Record types	Additions	Deletions
Traditional Holdings (in cubic feet)		
Presidential Libraries	22,100	0
Office of Regional Records Services	314,443	0
Washington, DC	45,946	0
Affiliated archives	0	0
Total	382,489	0
Electronic Holdings (in logical data records)		
Presidential Libraries	0	0
Washington, DC	785,797,962	0
Total	785,797,962	0
Non-record types		
Buildings and structures (in units)		
Presidential Libraries		
National Archives Building		
Multi-use heritage asset-building		
Total	0	0
Land in pieces, multi-use	0	0

The Archivist determines, through the formal scheduling and appraisal process, whether records have sufficient administrative, legal, research or other value to warrant their continued preservation by the Government and for how long (44 USC 3303a). When in the public interest, the Archivist may accept Government records for historical preservation (44 USC 2107) and accept non-Government papers and other historical materials for deposit (44 USC 2111). The archivist also administers Presidential and Vice Presidential records in accordance with 44 U.S.C. Chapter 22. Methods of acquisition and disposal are according to the guidelines established through the legal authority granted to NARA.

Multi-use heritage assets are comprised of National Archives facility at College Park and the Southeast Regional Archival facility in Atlanta, GA, and two pieces of land, which are sites for current or future multi-use regional archival facility. These are also included in general PP&E on the Balance Sheet (Note 6).

Information about the condition and deferred maintenance on NARA's buildings and structures is contained in the Deferred Maintenance section of the Required Supplementary Information.

Deferred Maintenance

NARA owns and manages assets including the National Archives Building, the National Archives at College Park, MD, the Southeast Regional Archives building in Atlanta, GA, and the Presidential Libraries. All of these support the stated mission of NARA to safeguard national records. Recent major renovations have been completed at the National Archives Building and many of the Presidential Libraries.

NARA uses the condition assessment method to determine the condition of fixed assets, including stewardship PP&E facilities. The condition assessment surveys (CAS) at NARA are conducted by a professional architectural firm, who perform Building Condition Reports (BCR) for all NARA owned facilities, using a five year cycle schedule. Facility managers will continue to perform condition assessments annually to identify critical needs between BCRs. Maintenance required to bring fixed assets to acceptable condition, which is not scheduled or performed when needed, is included in the deferred maintenance estimate below.

Due to the scope, nature and variety of the assets and the nature of the deferred maintenance, exact estimates are very difficult to determine. Current estimates include correcting deficiencies that relate to the safety or the protection of valuable materials, modifications to provide safety and public accessibility to the facility, and electrical upgrades to prevent loss of critical data. The estimates generally exclude vehicles and other categories of operating equipment.

At the end of Fiscal Year 2008, needed maintenance projects for thirteen locations, including twelve Presidential Libraries, have been identified from current BCR reports, and are included in the deferred maintenance estimate.

<u>Category</u>	<u>Method</u>	<u>Acceptable Asset Condition</u>	<u>Estimated Deferred Maintenance</u>
Heritage assets – Buildings	CAS	Good	\$48 to 49 million
Multi-use assets – Buildings	CAS	Good	\$7 to 8 million

NARA categorizes facilities and equipment according to condition using terms such as those shown below:

- *Good.* Facilities/equipment condition meets established maintenance standards, operating efficiently and has a normal life expectancy. Scheduled maintenance should be sufficient to maintain the current condition. There is no critical deferred maintenance on building and equipment in good condition.
- *Fair.* Facilities/equipment condition meets minimum standards, but requires additional maintenance or repairs to prevent further deterioration, increase operating efficiency and to achieve normal life expectancy.
- *Poor/Unsatisfactory.* Facilities/equipment does not meet most maintenance standards and requires frequent repairs to prevent accelerated deterioration and provide a minimal level of operating function.

It is NARA's mission to safeguard and preserve numerous heritage asset holdings in our custody. NARA makes tremendous daily efforts to ensure their continued preservation. The costs, identified by BCR's, to address serious deficiencies of the buildings related to safety and protection of valuable materials are reflected in the estimate, above.

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Required Supplementary Information

Schedule of Budgetary Resources by Major Budget Accounts

(in thousands)

Fiscal Year 2008	Records and Archives-Related Services	Gift Fund	Trust Fund	Electronic Records Archives	NHPRC Grants	Archives Facilities and Presidential Libraries Repairs and Restorations	Records Center and Storage Services	Total
Budgetary Resources								
Unobligated Balance brought forward, October 1:	\$ 11,749	\$ 2,275	\$ 4,993	\$ 6,212	\$ 1,207	\$ 9,795	\$ 27,582	\$ 63,813
Recoveries of prior year unpaid obligations	3,549	3	284	1,326	132	103	806	6,203
Budgetary appropriations received	315,000	2,006	-	58,028	9,500	28,605	-	413,139
Spending authority from offsetting collections	14,034	-	19,195	-	-	-	141,909	175,138
Nonexpenditure transfers, net, anticipated and actual	2,000	-	-	-	(2,000)	-	-	-
Permanently not available	14,250	-	-	-	-	-	-	14,250
Total Budgetary Resources	\$332,082	\$4,284	\$24,472	\$65,566	\$8,839	\$38,503	\$170,297	\$644,043
Status of Budgetary Resources								
Obligations Incurred	320,116	2,297	17,404	62,572	7,962	14,204	154,503	579,058
Unobligated Balance-available	625	1,987	7,068	768	877	24,299	15,794	51,418
Unobligated balance not available	11,341	-	-	2,226	-	-	-	13,567
Total Status of Budgetary Resources	\$332,082	\$4,284	\$24,472	\$65,566	\$8,839	\$38,503	\$170,297	\$644,043
Change in Obligated Balance								
Obligated balance, net, beginning of period	64,300	29	1,813	24,351	8,230	16,812	5,046	120,581
Obligations incurred net	320,116	2,297	17,404	62,572	7,962	14,204	154,503	579,058
Less: Gross outlays	(293,496)	(2,226)	(16,346)	(64,664)	(5,504)	(10,382)	(145,196)	(537,814)
Less: Recoveries of prior year unpaid obligations, actual	(3,549)	(3)	(284)	(1,326)	(132)	(103)	(806)	(6,203)
Change in uncollected customer payments from Federal sources	(14)	-	(46)	-	-	-	3,539	3,479
Obligated balance, net, end of period	87,357	97	2,541	20,933	10,556	20,531	17,086	159,101
Net Outlays								
Gross outlays	293,496	2,226	16,346	64,664	5,504	10,382	145,196	537,814
Less: Offsetting collections	(14,019)	-	(19,149)	-	-	-	(145,448)	(178,616)
Less: Distributed Offsetting receipts	(18)	(1,410)	-	-	-	-	-	(1,428)
Net Outlays	\$ 279,459	\$ 816	\$(2,803)	\$ 64,664	\$ 5,504	\$ 10,382	\$(252)	\$357,770

National Archives and Records Administration
Performance and Accountability Report, FY 2008

Required Supplementary Information

Schedule of Budgetary Resources by Major Budget Accounts

(in thousands)

Fiscal Year 2007	Records and Archives- Related Services	Gift Fund	Trust Fund	Electronic Records Archives	NHPRC Grants	Archives Facilities and Presidential Libraries Repairs and Restorations	Records Center and Storage Services	Total
Budgetary Resources								
Unobligated Balance brought forward, October 1:	\$14,389	\$2,365	\$3,342	\$ 9,002	\$1,048	\$ 8,509	\$ 25,863	\$64,518
Recoveries of prior year unpaid obligations	6,292	1	635	897	440	574	1,412	10,251
Budgetary appropriations received	279,338	15,756	-	45,254	7,425	9,120	-	356,893
Spending authority from offsetting collections	11,506	-	17,856	-	-	-	141,636	170,998
Nonexpenditure transfers, net, anticipated and actual	2,000	-	-	-	(2,000)	-	-	-
Permanently not available	15,622	-	-	-	-	-	-	15,622
Total Budgetary Resources	\$297,903	\$18,122	\$21,833	\$ 55,153	\$6,913	\$ 18,203	\$ 168,911	\$587,038
Status of Budgetary Resources								
Obligations Incurred	286,154	15,847	16,840	48,941	5,706	8,408	141,329	523,225
Unobligated Balance-available	417	2,275	4,993	4,497	1,207	9,795	27,582	50,766
Unobligated balance not available	11,332	-	-	1,715	-	-	-	13,047
Total Status of Budgetary Resources	\$297,903	\$18,122	\$21,833	\$ 55,153	\$6,913	\$ 18,203	\$ 168,911	\$587,038
Change in Obligated Balance								
Obligated balance, net, beginning of period	56,688	140	2,328	29,323	9,148	16,775	3,442	117,844
Obligations incurred net	286,154	15,847	16,840	48,941	5,706	8,408	141,329	523,225
Less: Gross outlays	(272,258)	(15,957)	(16,837)	(53,016)	(6,184)	(7,797)	(140,930)	(512,979)
Less: Recoveries of prior year unpaid obligations, actual	(6,292)	(1)	(635)	(897)	(440)	(574)	(1,412)	(10,251)
Change in uncollected customer payments from Federal sources	8	-	117	-	-	-	2,617	2,742
Obligated balance, net, end of period	64,300	29	1,813	24,351	8,230	16,812	5,046	120,581
Net Outlays								
Gross outlays	272,258	15,957	16,837	53,016	6,184	7,797	140,930	512,979
Less: Offsetting collections	(11,514)	-	(17,973)	-	-	-	(144,253)	(173,740)
Less: Distributed Offsetting receipts	(11)	(13,902)	-	-	-	-	-	(13,913)
Net Outlays	\$260,733	\$2,055	\$(1,136)	\$ 53,016	\$6,184	\$ 7,797	\$(3,323)	\$325,326

SECTION 4 OTHER ACCOMPANYING INFORMATION

INSPECTOR GENERAL'S ASSESSMENT OF MANAGEMENT CHALLENGES FACING NARA

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 that mission and help NARA achieve its strategic goals, we have aligned our programs to focus on areas that we believe represent the agency's most significant challenges. We have identified those areas as NARA's top ten management challenges and have identified the related audits, investigations, and reviews that were performed in FY 2008.

1. Electronic Records Archives (ERA)

The Electronic Records Archives (ERA) is a technology system and workflow management program designed to store and manage electronic records and to manage the lifecycle of paper records and other holdings. NARA's challenge is to build a system that will accommodate past, present, and future formats of electronic records, free from dependence on any specific hardware or software. To date, the ERA program has experienced delivery delays, cost overruns, and staffing shake-ups. As a result, the success of this mission critical program is uncertain. The challenge will be to deliver and maintain a functional ERA system that will preserve electronic records for as long as needed.

Audits, investigations, and reviews performed in FY 2008:

- Review of Electronic Records Archives Contract Direct Labor Costs
- Audit of ERA Subcontractor Costs
- ERA Periodic Status Update- Initial Operating Capability (IOC)

2. Improving Records Management

Part of NARA's mission is to ensure that Federal officials and the American public have continuing access to records. NARA must work with Federal agencies to ensure scheduling, appraisal, and accessioning processes are effective and efficient; allowing NARA to meet its Strategic Goal of ensuring access to these records as soon as legally possible. The key challenge is how best to accomplish this component of our overall mission and identify and react to agencies with critical records management needs, especially in an environment in which an increasing amount of records are electronic as opposed to textual.

NARA also directs the Electronic Records Management (ERM) initiative, one of 24 Government-wide initiatives. The ERM initiative will provide guidance to agencies in managing and transferring to NARA, in an increasing variety of data types and formats, their permanent electronic records. NARA and its Government partners are challenged with determining how to manage electronic records, and how to make ERM and e-Government work more effectively.

In June 2008, GAO recommended NARA develop and implement an approach to provide oversight of agency records management programs that provides adequate assurance agencies are following NARA guidance.

3. Information Technology Security

The Archivist identified IT Security as a material weakness under the FMFIA reporting process in FY 2007 and FY 2008. NARA's Office of Information Services (NH) 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 identified significant deficiencies in the areas of policy development, authorization, and communication of security responsibilities to system owners and other stakeholders.

Information technology security continues to present major challenges for NARA. The confidentiality, integrity and availability of our electronic records and information technology systems are only as good as our IT security infrastructure. Each year, the risks and challenges to IT security continue to evolve. NARA must ensure the security of its data and systems or risk undermining the agency's credibility and ability to carry out its mission.

Audits, investigations, and reviews performed in FY 2008:

- Management Letter: Work-at-Home System Project
- Audit of NARA's Implementation of the Federal Desktop Core Configuration
- Audit of NARA's Compliance with FISMA for FY 2007
- Audit of NARA's Compliance with Section 522 of the Consolidated Appropriations Act of 2005 (Policies, Procedures, and Practices for Protection of Personally Identifiable Information) performed by Clifton Gunderson, LLP
- Investigation related to the theft of a flash drive
- Investigation related to a contractor improperly accessing a NARA employee's email
- Investigation related to a cell phone and PDA use in classified SCIF area
- Investigation related to NARA records accessed from a former employees' home computer via p2p file sharing

4. Expanding Public Access to Records

In a democracy, the records of its 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. Of critical importance is NARA's role in ensuring the timeliness and integrity of the process of declassifying classified material held at NARA.

Another challenge for NARA, given the internet and the expectation of easy and immediate access to information on-line, will be to provide such access to both records that are created digitally (e.g. "born digital") and identify those textual records most in demand so that they can be digitized and made available electronically.

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 that house Federal records to meet defined physical and environmental requirements by FY 2009. NARA's challenge is to ensure its own facilities, as well as those used by other Federal agencies, are in compliance with these regulations.

6. Preservation Needs of Records

The Archivist identified preservation as a Material Weakness in FY 2005. In FY 2007 this was downgraded by the Archivist to a reportable condition and is currently being monitored as a significant deficiency. NARA cannot provide public access to records to support researchers' needs unless it can preserve them for as long as needed. As in the case of our national infrastructure (bridges, sewer systems, etc.), NARA holdings grow older daily and are degrading. The challenge of ensuring that NARA facilities meet environmental standards for preserving records (see OIG Challenge #5) also plays a critical role in the preservation of federal records.

Audits, investigations, and reviews performed in FY 2008:

- Audit of the Process of Safeguarding and Accounting for Presidential Library Artifacts

7. Improving Project Management

Effective project management 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 oversight to ensure effective or efficient results within costs. These projects must be managed and tracked to ensure cost, schedule and performance goals are met.

Audits, investigations, and reviews performed in FY 2008:

- Audit of NARA's Development of the Holdings Management System

8. Physical and Holdings Security

The Archivist has identified security of collections as a material weakness under the FMFIA reporting process. 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 new realities that face this nation, post-September 11, and the risks that our holdings may be pilfered, defaced, or destroyed by fire or other natural disasters.

Audits, investigations, and reviews performed in FY 2008:

- Audit of the Process of Safeguarding and Accounting for Presidential Library Artifacts
- Audit of Researcher ID Program

- Management Letter: Update on Conditions of the Museum Collection at the Ronald Reagan Presidential Library
- Management Letter: Historical Records Discarded in Trash
- Management Letter: Security Response at A-I
- Investigation related to Missing World War II Maps
- Investigation related Violation of the Taxpayer Browsing Protection Act
- Investigation related to the Handling of Classified Material
- Investigation related to Missing Wright Brothers' Flyer Patent
- Investigation related to Missing Wright Brother's Airplane Patent
- Investigation related to Suspicious Activity at a Presidential Library
- Investigation related to Improper handling of classified records
- Investigation related to Tampered vault
- Investigation related to NARA holding from an affiliated archive
- Investigation related to Accessioned records disposed of in trash in research room
- Two President Grant pardons stolen from Philadelphia archives recovered
- One President Jackson pardon stolen from Philadelphia archives recovered
- Investigation related to classified documents removed from vault at Suitland and not returned
- Investigation related to a Contractor who was improperly afforded access to classified national security information
- Investigation related to Reagan staffer who kept classified material after leaving the administration
- Investigation related to Missing drawing of Eli Whitney's cotton gin

9. Contract Management

The GAO has identified Commercial Services Management (CMS) as a Government-wide initiative. The CMS initiative include 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 improving the management and oversight of federal contractors. NARA is also challenged with reviewing contract methods to ensure a variety of procurement techniques are used and used properly in accordance with the Federal Acquisition Regulations.

Audits, investigations, and reviews performed in FY 2008:

- Investigation related to a Contractor alleged to be using illegal immigrants and underpaying staff
- Investigation related to a Contractor falsifying time sheet

10. Strengthening Human Capital

The GAO has identified human capital as a Government-wide high risk. NARA's challenge is to adequately assess its human capital needs in order to effectively recruit, retain, and train people with the technological understanding and content knowledge that NARA needs for future success.

In November 2007, OPM reported NARA had not established a formal human capital plan addressing the alignment of human resource policies and programs to organizational mission, strategic goals, and performance measures. Continuity of leadership within NARA is not ensured because it has not developed a comprehensive succession program that provides training to employees to develop them as managers.

FEDERAL MANAGERS' FINANCIAL INTEGRITY ACT REPORT



National Archives and Records Administration

700 Pennsylvania Avenue, NW
Washington, DC 20408-0001

October 31, 2008

FY 2008 STATEMENT OF ASSURANCE

Managers of the National Archives and Records Administration (NARA) are responsible for establishing and maintaining effective internal controls and financial management systems that meet the objectives of the Federal Managers' Financial Integrity Act (FMFIA). I am able to provide a qualified statement of assurance that with the exception of three material weaknesses, NARA's internal controls are achieving their intended objectives:

- (1) Programs achieve their intended results;
- (2) Resources are used consistent with NARA's mission;
- (3) Programs and resources are protected from waste, fraud, and mismanagement;
- (4) Laws and regulations are followed; and
- (5) Reliable and timely information is obtained, maintained, reported, and used for decision making.

This assessment is based on results of audits and evaluations conducted by the Government Accountability Office (GAO), the Office of Government Ethics (OGE), NARA's Office of Inspector General (OIG), management control evaluations, and other written evaluations conducted in the 12 NARA offices and staff organizations. It is also based on senior management's knowledge gained from the daily operations of NARA programs and systems. I have also relied upon the advice of the Office of the Inspector General concerning this statement of assurance. Specific exceptions to this statement include material weaknesses in holdings security, NARA's IT security program, and Inventory Controls in Presidential Libraries as discussed in the following report. Efforts to fully resolve these material weaknesses are monitored by NARA's senior staff and results are reported directly to me.

A handwritten signature in cursive script that reads "Allen Weinstein".

ALLEN WEINSTEIN
Archivist of the United States

NARA's web site is <http://www.archives.gov>

FY 2008 REPORT ON INTERNAL CONTROLS

Background on FMFIA Requirements

The objective of the Federal Managers' Financial Integrity Act of 1982 (FMFIA) is to provide reasonable assurance that "(i) obligations and costs are in compliance with applicable law; (ii) funds, property, and other assets are safeguarded against waste, loss, unauthorized use, or misappropriation; and (iii) revenues and expenditures applicable to agency operations are properly recorded and accounted for to permit the preparation of accounts and reliable financial and statistical reports and to maintain accountability over the assets." NARA's internal controls objective noted in the Archivist's statement of assurance are consistent with FMFIA objectives.

The following tables reflect the number of material weaknesses reported by NARA under Section 2 of FMFIA in recent years.

NUMBER OF MATERIAL WEAKNESSES

	Number at Beginning of Fiscal Year	Number Corrected	Number Added	Number Remaining at End of Fiscal Year
FY 2004	2			2
FY 2005	2	1	1	2
FY 2006	2	1		1
FY 2007	1		1	2
FY 2008	2		1	3

EFFECTIVENESS OF INTERNAL CONTROL OVER OPERATIONS
Statement of Assurance: Qualified

Material Weakness	Beginning Balance	New	Resolved	Consolidated	Reassessed	Ending Balance
Holdings Security	1					1
IT Security Program	1					1
Inventory Controls in Presidential Libraries		1				1
<i>Total Material Weaknesses</i>	2	1				3

Continuing Improvements in NARA Holdings Security

NARA reported a material weakness in holdings security in FY 2001 based on investigative findings from our Office of Inspector General (OIG). As reported in prior years, corrective steps have been taken, and many actions have been completed. In FY 2006, NARA convened an intra-office Holdings Security Working Group to address remaining issues. Improved holdings security is an ongoing and high priority concern, which will result in continuing reduction of risk.

During FY 2008, members of the working group:

During FY 2008, members of the working group:

- Reviewed NARA-wide policy and procedures that related to holdings security and began updates or revisions as appropriate. As of September 30, 2008, 54 percent of our policy and procedure documents have been fully updated and re-issued.
- Established an annual refresher training session for all NARA staff and contractors who have access to archival holdings. Most staff and contractors at all NARA facilities completed this refresher course by September 30, 2008.
- Inspected and validated the enhanced capacity to protect “treasure” records at all regional archives and records facilities.

In FY 2009, NARA will continue enhancement efforts in several areas:

Policy and Procedures

- Complete updates or revisions of NARA-wide policy and procedures related to holdings security.

Training

- Update annual staff and contractor training and move to the NARA Learning Management System.
- In conjunction with an initiative led by NARA’s training staff, prepare introductory training that will be incorporated into new staff orientation.

Security for records storage areas

- Create and maintain a physical security improvement plan based on a requirements checklist.
- Review and assess the adequacy of location control systems for all holdings.
- Inspect and validate capacity for special protection of “treasure” records at all locations.

Internal controls

- Conduct annual reviews of security procedures and practices.

Theft preventions and response

- Develop a communications plan to increase public awareness and assistance in preventing theft.

Improvement Needed in the NARA IT Security Program

In the fourth quarter of FY 2007, NARA’s Office of Information Services (NH) 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). The report of that assessment indicated that NARA’s IT security program was functioning at a level of “partially compliant” in all areas tested, but warned that the program was overly dependent on the personnel implementing it, and was immature with respect to key processes.

Specifically, the assessment identified significant deficiencies in the areas of policy development, authorization, and communication of security responsibilities to system owners and other stakeholders. The assessment indicates that these deficiencies are rooted in the current level of staffing and resources, and are driving the over-dependency on the IT Security staff for implementation of the security program. The report points out that the dedication and proficiency of the security staff cannot substitute for the processes and procedures necessary to meet the security challenges on the immediate horizon. If not addressed, these

deficiencies will limit the program's ability to mature to the level necessary to support future demands imposed by external mandates such as HSPD-12, or internal system development projects, such as the Electronic Records Archives.

These programmatic deficiencies, described in the PRISMA assessment, do not represent a technical risk to agency IT systems, the data they hold, or to the agency's external partners. However, the threshold condition for a significant deficiency is met and identified here as a material weakness. During FY 2008, NARA staff made progress in several areas:

- Initiating a Business Impact Analysis that outlined roles and responsibilities, training needs, and system requirements for self assessments, contingency planning, disaster recovery, Continuity of Operations, and system security plan updates,
- Strengthening written policies, and
- Improving the quality assurance processes for the IT Security Program.

In FY 2009, we will continue work to enhance IT security at NARA. Specific planned activities include:

- Update IT security policy documents with revised roles and responsibilities,
- Ensure that security considerations are incorporated, as necessary, in IT contracts, and
- Update contingency planning procedures based on results of the FY 2008 business impact analysis.

Improvement Needed in Presidential Library Inventory Controls

In October 2007, NARA's Inspector General issued an audit report regarding inventory controls over artifacts in the Presidential libraries. In that report, the OIG likened weaknesses found in these controls with those cited in the Holdings Security material weakness. We believe that the control families for these two weaknesses are very different and we will address them separately.

The audit report and subsequent action plan address a system-wide need to complete 100 percent inventories of artifact holdings, the re-inventory of collections for which 100 percent inventories already exist, the implementation of a preservation risk matrix, and the development of guidelines and standards for tracking loan information in an automated tool, digital images and de-accessioning, and specific action items to address findings relating to the Ronald Reagan Presidential Library.

In FY 2008, we worked to focus attention and expertise on museum collections. We gathered all NARA museum registrars in Washington, DC, for a two-day meeting in June 2008 and created and filled a new position for a GS-13 Chief Registrar of Museum Collections in July 2008. During this year we also worked to strengthen documentation, identify inventory issues and create appropriate mitigation strategies, and foster better communication among the collections staffs at the 13 library sites, the Presidential Materials Staff, and the Office of Presidential Libraries.

In FY 2009, NARA will continue enhancement efforts in several areas:

- Complete 100 percent inventory and 100 percent re-inventory plans
- Implement periodic reporting requirements
- Centralize collections management database files and procure new collections management system
- Update and revise policies and procedures
- Conservation and preservation

- Artifact controls at the Ronald Reagan Presidential Library

Other Internal Control Weaknesses

Although we are no longer required to report on control deficiencies that do not meet the criteria of a material weakness, we choose to include this information in FY 2008. In both cases noted below, NARA's Inspector General characterizes the weaknesses as material. The essence of the difference in our positions on the characterizations of the weaknesses in preservation and processing lies in two areas: we do not agree that the existence of a backlog or the lack of resources are indicators of a material weakness. Other agencies experience these conditions, a fact that was noted in the OIG's audit report on textual processing issued in February 2007. We have noted these areas in our ten-year Strategic Plan and have established annual performance measures. We do not concur with the OIG assessment of the severity of risk associated with either weakness.

Preservation Program

As a result of an OIG audit in FY 2005, NARA recognized a material weakness related to its Preservation Program. Our FY 2006 FMFIA report noted that significant work against the original audit recommendations had been accomplished, and determined that the remaining issues no longer met the criteria for a material weakness. We constructed an action plan to address remaining issues and for FY 2007 and FY 2008 met all but one target and milestone. We will continue to monitor this program in FY 2009.

Textual Processing

In FY 2006, NARA completed its own study of textual records processing to quantify the known backlog of textual records requiring processing to make them efficiently available to the public. NARA set a goal in its new 2006 Strategic Plan to address this backlog, which has been growing for decades, and beginning in FY 2007, we shifted resources in the Washington, DC, area to apply more staffing to the problem. We also address the textual records processing backlog in our assessment of major challenges facing the agency in our Performance and Accountability Report. We do not consider this challenge to meet the criteria for a reportable condition or a material weakness. We know about the problem, are taking steps to address it, and are able to serve the records to the public despite their unprocessed status.