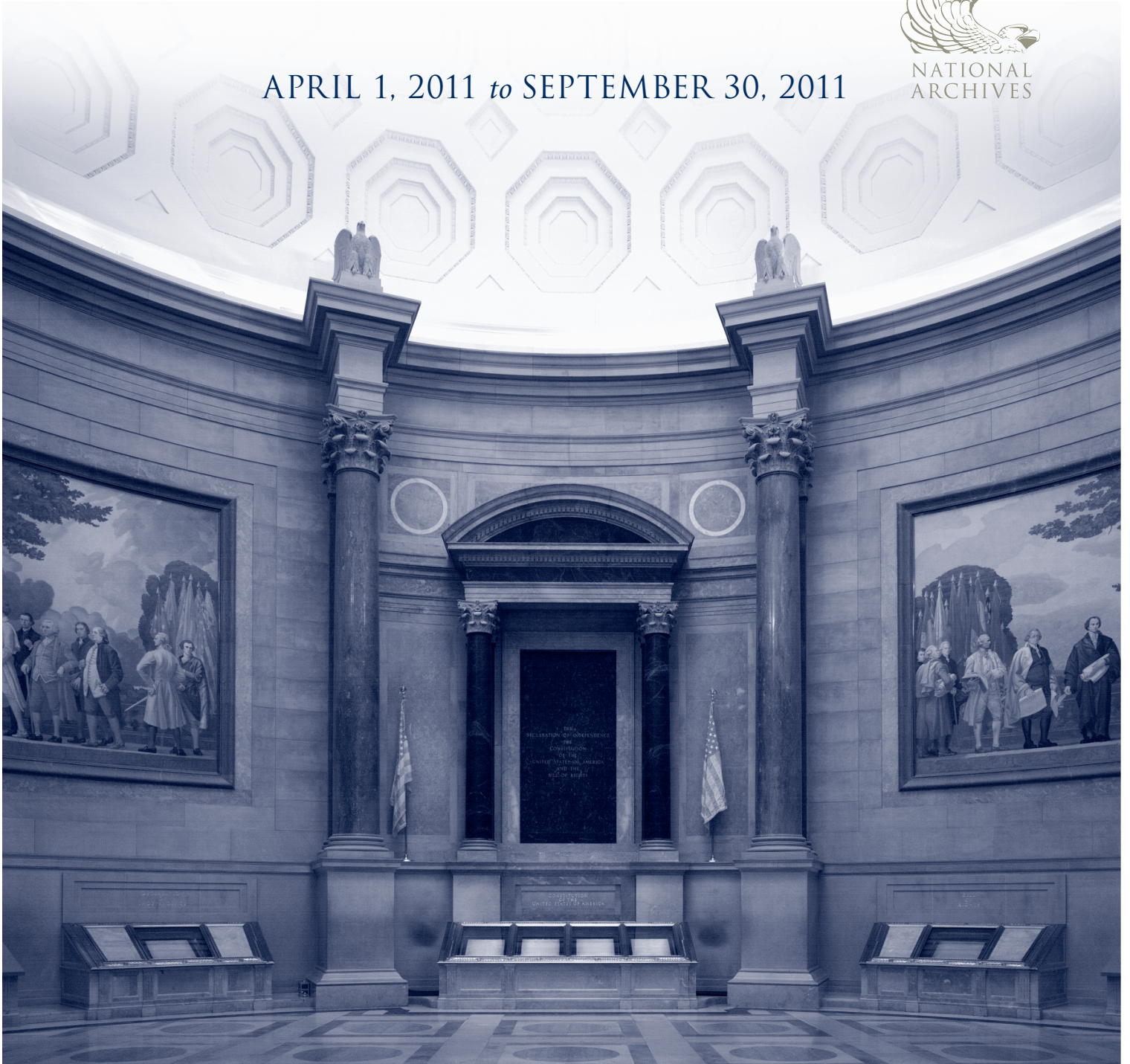


OFFICE *of* INSPECTOR GENERAL

SEMIANNUAL REPORT

to CONGRESS

APRIL 1, 2011 *to* SEPTEMBER 30, 2011



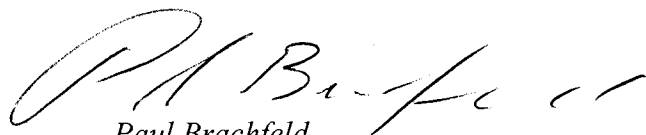
FOREWORD

On September 30, 2011 the Electronic Records Archive (ERA) developmental contract between the National Archives and Records Administration (NARA) and Lockheed Martin Corporation came to a conclusion. When the contract was first entered into back in September 2005, Archivist Allen Weinstein announced "failure was not an option" and through competition we had obtained the "very best design and greatest expertise the private sector has to offer." As the door swings shut on ERA development, key requirements that were to have comprised the base system at full operating capability have not been met.

As we transition from the developmental phase to an operations and maintenance phase, this office will continue to monitor and report upon the status of the effort. In so doing, it continues to be my hope our stakeholders will find value in our independent, skilled and objective analysis. The reason I express hope, rather than confidence, is grounded in past experience. Too often agency officials were unwilling or unable to accept our findings, which time has defined to have been accurate. Too often warnings contained in my testimony to Congress, briefings to stakeholders, and reports upon which my statements were based went unheeded.

ERA was viewed from inception as critical to NARA, and by extension to the American public, now and for generations to come. Former Archivist Carlin defined ERA as our "strategic response to preserving, managing, and providing access to electronic records.... ERA will make Government records available to anyone, at any time, and in any place for as long as needed." Currently that appears not to be the case with ERA. As there is no viable substitute or back-up system to ERA, it is essential that we as an agency work to get it right. It is critical to our mission and by extension to the American public that we do so. I know current Archivist of the United States David. S. Ferriero is actively addressing the challenge, and I look forward to working with him in this regard.

As is my custom, I would like to take this opportunity to thank my staff for the exemplary work they accomplish. Criticism and derision of Federal workers has become a frequent theme played out in the media and in venues large and small across the land. In an environment of collective criticism where a wide net is cast out, individuals are wrongfully ensnared. My staff is highly educated, talented, driven and productive in accomplishing the work entrusted to them. The American public should be proud of them in their ongoing efforts to help NARA achieve its strategic mission.



Paul Brachfeld
Inspector General

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Visit <http://www.archives.gov/oig/> to learn more about the National Archives Office of Inspector General.

EXECUTIVE SUMMARY

This is the 46th Semiannual Report to the Congress summarizing the activities and accomplishments of the National Archives and Records Administration (NARA) Office of Inspector General (OIG). A summary of NARA's top ten management challenges is included as well. The highlights of our major functions are summarized below.

Audits and Reports

The Audit Division continued to examine the security of NARA's Information Technology (IT) systems, the development of NARA's Electronic Records Archives (ERA) system, and assess the economy and efficiency of NARA's programs and operations. During the reporting period, we issued the following audit reports and management letters.

Information Technology (IT)

- **Trusted Internet Connection (TIC) Initiative.** NARA had not adequately planned and prepared to meet the goals of the Office of Management and Budget (OMB) government-wide TIC initiative. More than three years after OMB announced this initiative; NARA had not complied with requirements set by OMB, the General Services Administration (GSA), and the Department of Homeland Security (DHS). For example, a comprehensive Plan of Action and Milestones (POA&M) had not been developed to reduce and consolidate NARA's external connections, and implement crucial TIC capabilities. Further, NARA had not developed contract requirements needed to implement TIC services. We made six recommendations. While management indicated they were in agreement with five of the six recommendations, no formal management comments had been provided to the OIG by the deadline for issuance of the final report. (OIG Report #11-17, dated September 30, 2011. See page 13.)
- **Vulnerable Outdated Software.** NARA is broadly using a software program no longer supported by its manufacturer. As a result, vulnerabilities in this software are not being addressed and NARA is at an increased risk of attack from viruses, spyware, and other malicious software. The OIG Office of Investigations issued this report, and management has not responded. (Management Letter #OI 11-01, dated June 28, 2011.)

Electronic Records Archives (ERA)

- **Implementation Status of the ERA System Requirements.** Of the 853 system requirements contained in the original ERA Requirements Document, 494 were either not satisfied at all, or will not be implemented until after the system development phase ends on September 30, 2011. Many of these requirements represent significant system components such as record descriptions, access restrictions, and redaction of assets. As a result, after six years of development and over \$378 million spent, the ERA will only remotely represent the system NARA originally envisioned. This will have an adverse impact both upon NARA programs and operations, and upon stakeholders attempting to access Federal records. (Audit Report #11-16, dated July 5, 2011. See page 14.)

EXECUTIVE SUMMARY

- **Limitations on the Ability to Ingest, Search, and Access Records in ERA.** Limitations on search capabilities combined with constraints on secure data ingestion will result in a scaled back ERA failing to meet the most basic requirement of providing timely, effective access to public records in NARA's holdings in a searchable manner over the internet. The records in Base ERA will not be content searchable. Instead an archivist will manually identify only select records and manually copy them into a different system to be searchable by the Online Public Access (OPA) intermediary. NARA has also implemented a process for screening for national security classified records which is likely to fail to effectively screen records, yet it appears to add such burden it will immensely delay the speed by which records are ingested. Further, NARA has not developed an automated process for screening records for privacy related and personally identifiable information (PII) before they are made publicly available. NARA officials have indicated an archivist may be required to personally view and screen each of the impossibly immense number of files ERA will receive. (Management Letter #11-12, dated May 4, 2011.)
- **Defense Contract Audit Agency (DCAA) Audits.** The Defense Contract Audit Agency (DCAA) reviewed contractor invoices submitted for work on the ERA development contract. The invoice review consisted of verifying direct labor charges, subcontractor labor charges, other direct costs, and overhead. During the period, the DCAA issued one audit report detailing the results of their review, which did not contain any significant findings. (DCAA Audit Report Number 6271-2010N17900008.)

Programs and Operations

- **Potential Unwarranted Payment to a NARA Contractor.** A senior NARA official attempted to authorize an approximately \$1.5 million payment to a contractor, which did not appear warranted under the contract. The official's justification lacked supporting details and was based upon rationale we believed deviated from criteria established and exercised for the purpose of determining contractor payments. This senior official's proposed action differed from the position of other involved NARA personnel, who were critical of the contractor's performance. Prior to any funds being disbursed, the OIG advised the Archivist that we lacked documentation to serve as a basis for making this payment, and we did not believe it was in the best interest of the agency or the taxpayer. The payment was not made. (Management Letter #11-13, dated June 15, 2011.)
- **NARA's Telework Program.** Although NARA has had a pilot telework program in place since September 2001, it does not fully encompass key best practices or facilitate the realization of identified benefits associated with teleworking. Further, the implementation of NARA's pilot telework program does not reflect key objectives of NARA's Transformation initiative. These conditions are due to inadequate managerial and administrative support of NARA's telework program. Also, NARA's remote access capability—the Work-at-Home System (WAHS)—remains vulnerable to the threats it was designed to mitigate. The WAHS was not fully developed, tested, or administered in accordance with NARA policy and NIST security standards. We made three

EXECUTIVE SUMMARY

recommendations, comprised of 17 subparts, and management concurred with all of them. (OIG Report #11-20, dated September 30, 2011. See page 15.)

- **Subcontract Cost Submitted by a NARA Prime Contractor.** Pursuant to a request from NARA contract officials we audited subcontract costs submitted by a NARA prime contractor to determine if there was sufficient supporting documentation; and whether the subcontract costs submitted by the prime contractor and paid by NARA were accurate, supported, and allowable. We questioned the entire amount of \$3,970,827.24 of subcontract cost submitted because the costs were unsupported. Despite numerous requests the subcontractor failed to provide documentation sufficient for performing a contract review in accordance with government audit policy and standards. (OIG Report #11-21, dated September 20, 2011. See page 15.)
- **NARA's Foreign and Premium Travel.** Opportunities exist to strengthen the effectiveness and control over the management of travel expenses related to premium and foreign travel. Management controls over travel did not function as intended, management of non-Federal sponsored travel needs enhancement, and NARA's monitoring of travel card expenditures lacked internal controls to minimize the risk of travel card misuse. NARA concurred with all six recommendations made in the audit. (OIG Report #11-14, dated July 7, 2011. See page 16.)
- **NARA's Drug Testing Program.** While NARA has established a Drug-Free Workplace Plan, the controls over the drug testing program were not adequate to ensure goals were met and the risks associated with illegal drug use were reduced. Specifically we found: (1) NARA has not randomly tested employees for illegal drug use since 2007; (2) NARA's plan does not necessitate random drug testing for all positions having access to "truly sensitive information"; (3) managers are not adequately trained to identify and address illegal drug use by employees, nor are employees offered training on drug awareness; (4) evidence of drug testing results are not maintained; and (5) NARA's Drug-Free Workplace Plan document is not current and needs to be updated. Management concurred with all five recommendations made in the audit. (OIG Report #11-15, dated July 7, 2011. See page 16.)
- **Continued Security Concerns at AI and AII.** Management officials had failed to implement appropriate corrective action in response to audit recommendations they concurred with in the Audit of NARA's Security Guard Contract for AI and AII (OIG No. 11-05). Despite contract language, NARA failed to conduct security drills testing the emergency response capability of the guards in different situations. The Director of Security, in a meeting with the Inspector General, stated there is no need to conduct exercises as no specific threat had been identified. We believed such indifference to the threats faced by the National Archives represented an unacceptable posture, and the failure to implement corrective measures such as periodic scenario exercises put NARA at significant risk. (Management Letter #11-18, dated August 2, 2011.)

UPDATE: NARA has since implemented a scenario testing program and addressed the security concerns noted.

EXECUTIVE SUMMARY

Investigations

During this reporting period, the Office of Investigations (OI) opened six investigations and closed 14 investigations. The OI also received 71 complaints and closed 77 complaints, seven of which are closed pending an administrative response from NARA. Six NARA holdings were recovered during the period. The OI worked with the FBI, Treasury Inspector General for Tax Administration, as well as the Offices of Inspectors General at the Veterans Administration, the Federal Communications Commission and the Government Printing Office. At the close of the period, there remained 56 open complaints and 21 open investigations.

The OI completed investigations in a variety of areas including the following:

- Destruction of Federal Records
- Alienated Historical Holdings
- Mishandling of Classified Material
- Procurement Fraud
- Theft of Government Property
- Counterfeit Currency
- Unauthorized disclosure of sensitive material
- Unauthorized access to NARA computer equipment
- Grant fraud
- Misconduct by Management
- Improper Use of Government Computers
- Improper Government Credit Card Use
- Threats to employees

The Office of Investigations is presently staffed with six 1811 series Special Agents, an Investigative Archivist, a Computer Forensic Examiner, and an Assistant Inspector General for Investigations. This team provides investigative coverage to an approximately 3,000-person, 44-facility, nationwide agency which includes the Presidential library system. The OI conducts both responsive and proactive investigations in order to support our statutory mission. At present our law-enforcement authority is through special deputation from the U.S. Marshals Service. Our application to the Attorney General for statutory law enforcement authority is under review at the Department of Justice. We are based in NARA's College Park, Maryland facility and staff a satellite office in NARA's Washington, D.C. facility.

EXECUTIVE SUMMARY

Management Assistance and Other Work

- Negotiated the return to NARA of federal grand jury records inappropriately donated to a private institution.
- Reviewed NARA's Security Management Division's reports of several incidents involving infractions or violations concerning national security classified information to ensure the thoroughness of inquiries, and dissemination of their recommendations.
- Members of the Office of Investigations, and particularly, the Archival Recovery Team, meet routinely with staff from NARA's Holdings Protection Program in an effort to marshal our collective resources to discover new avenues and approaches to providing adequate security and control of our nation's historical records.
- Assisted the Office of Government Ethics in their review of NARA's ethics program.
- Responded to multiple requests for OIG records under the Freedom of Information Act.
- Presented information to NARA detailing inappropriate contractor activities for NARA's determination of whether to suspend or debar the contractor.
- Reviewed legislative proposals and provided feedback to appropriate entities and reviewed newly passed legislation for its affect on NARA and the NARA OIG.
- Provided comment and input into several NARA directives and regulations covering a variety of topics such as exit inspections and declassification procedures.

INTRODUCTION

About the National Archives and Records Administration

Mission

The National Archives and Records Administration serves American democracy by safeguarding and preserving the records of our Government, ensuring the people can discover, use, and learn from this documentary heritage. Further, the agency ensures continuing access to the essential documentation of the rights of American citizens and the actions of their government; and supports democracy, promotes civic education, and facilitates historical understanding of our national experience.

Background

NARA, by preserving the nation's documentary history, serves as a public trust on which our democracy depends. It enables citizens to inspect for themselves the record of what the Government has done. It enables officials and agencies to review their actions and helps citizens hold them accountable. It ensures continuing access to essential evidence documenting the rights of American citizens, the actions of Federal officials, and the national experience.

Federal records reflect and document America's development over more than 200 years. They are great in number, diverse in character, and rich in information. NARA's traditional holdings amount to 4.2 million cubic feet of records. These holdings also include, among other things, letters, reports, architectural/engineering drawings, maps and charts; moving images and sound recordings; and photographic images. Additionally, NARA maintains nearly 600,000 artifact items and more than 156 terabytes of electronic records. The number of records born and stored solely in the electronic world will only continue to grow, thus NARA is developing the Electronic Record Archives to address this burgeoning issue.

NARA involves millions of people in its public programs, which include exhibitions, tours, educational programs, film series, and genealogical workshops. In FY 2011, NARA had 40 million online visits in addition to hosting four million traditional museum visitors, all while responding to 1.3 million written requests from the public. NARA also publishes the *Federal Register* and other legal and reference documents, forming a vital link between the Federal Government and those affected by its regulations and actions. Through the National Historical Publications and Records Commission, NARA helps preserve and publish non-Federal historical documents that also constitute an important part of our national heritage. Additionally, NARA administers 13 Presidential libraries preserving the papers and other historical materials of all past Presidents since Herbert Hoover.

Resources

In fiscal year (FY) 2011, NARA was appropriated an annual budget of approximately \$434 million and 3,380 (estimated) Full-time Equivalents (FTEs), including appropriations of \$339 million for operations, \$72 million for the Electronic Records Archives (ERA) program, \$11.8 million for repairs and restorations of facilities, and \$6.98 million for grants. NARA operates 44 facilities nationwide.

INTRODUCTION

About the Office of Inspector General (OIG)

The OIG Mission

The OIG's mission is to ensure NARA protects and preserves the items belonging in our holdings, while safely providing the American people with the opportunity to discover, use and learn from this documentary heritage. We accomplish this by providing high-quality, objective audits and investigations; and serving as an independent, internal advocate for economy, efficiency, and effectiveness.

Background

The Inspector General Act of 1978, as amended, along with the Inspector General Reform Act of 2008, establishes the OIG's independent role and general responsibilities. The Inspector General reports to both the Archivist of the United States and the Congress. The OIG evaluates NARA's performance, makes recommendations for improvements, and follows up to ensure economical, efficient, and effective operations and compliance with laws, policies, and regulations. In particular, the OIG:

- assesses the effectiveness, efficiency, and economy of NARA programs and operations;
- recommends improvements in policies and procedures to enhance operations and correct deficiencies;
- recommends cost savings through greater efficiency and economy of operations, alternative use of resources, and collection actions; and
- investigates and recommends legal and management actions to correct fraud, waste, abuse, or mismanagement.

Further, the OIG investigates criminal and administrative matters concerning the agency, helping ensure the safety and viability of NARA's holdings, customers, staff, and resources.

Resources

In FY 2010, a separate appropriation was established for the OIG in compliance with the Inspector General Reform Act of 2008. Previously funds for the OIG came from NARA's Operating Expenses appropriation. For FY 2011, Congress provided \$4.1 million for the OIG, including resources for 23 FTEs. At the beginning of the period, the OIG had one audit vacancy to fill. During the period, the Assistant Inspector General for Investigations left the agency to take a position at the Department of Defense. However, this position was filled during the period. Currently the OIG has one Inspector General, one support staff, 10 FTEs devoted to audits, nine FTEs devoted to investigations, and a counsel to the Inspector General.

ACTIVITIES

Involvement in the Inspector General Community

Counsel of Inspectors General on Integrity and Efficiency (CIGIE) Legislation Committee

The IG served as a member of the CIGIE Legislation Committee. The mission of the Legislation Committee is to provide regular and ongoing communication regarding legislative issues and other matters of common interest between the Congress and CIGIE. Specifically, the Committee is dedicated to providing helpful and timely information about Federal Congressional initiatives to the IG community; soliciting the views and concerns of the community in response to legislative initiatives and Congressional requests; and presenting views and recommendations to Congressional committees and staff, the Government Accountability Office, and the Office of Management and Budget (OMB) on issues and legislation that broadly affect the IG community.

CIGIE Information Technology (IT) Committee

The IG served as a member of the CIGIE IT Committee. The IT Committee facilitates effective IT audits, evaluations, and investigations by Inspectors General. The IT Committee also provides a vehicle for the expression of the IG community's perspective on Government-wide IT operations.

CIGIE Investigations Committee

The IG served as a member of the CIGIE Investigations Committee. The mission of the Investigations Committee is to advise the IG community on issues involving investigative functions, establishing investigative guidelines, and promoting best practices.

Assistant Inspectors General for Investigations (AIGI) Committee

The previous AIGI served as vice-chair to the AIGI Committee, which serves as a standing subcommittee to the CIGIE Investigations Committee. The AIGI Committee provides guidance, assistance and support to the CIGIE Investigations Committee in the performance of its duties. In addition, the AIGI Committee serves as a conduit for suggestions, issues and concerns that affect the OIG investigations community to the CIGIE Investigations Committee for appropriate action. The current AIGI represents the NARA OIG on the committee.

Council of Counsels to Inspectors General (CCIG)

The OIG counsel continues to be an active member of the CCIG, and communicated regularly with fellow members. The CCIG provides a rich environment where legal issues can be raised and interpretations can be presented and reviewed with an experienced network of OIG lawyers. During regular meetings multiple topics were discussed and addressed.

ACTIVITIES

Federal Audit Executive Council (FAEC)

The Assistant Inspector General for Audits (AIGA) continued to serve as a representative to the FAEC. During the period, the AIGA attended FAEC's meeting to discuss topics such as financial statement audit issues, audit training, opinion reports on internal controls, and information security.

Peer Review Information

Peer Review of NARA OIG's Audit Organization

In accordance with Government Auditing Standards and CIGIE guidelines, the NARA OIG system of quality control for the audit organization in effect for the year ended September 30, 2010 was reviewed by the Federal Communications Commission (FCC) OIG.

FCC OIG concluded "the system of quality control for the audit organization of NARA OIG in effect for the year ended September 30, 2010 has been suitably designed and complied with to provide NARA OIG with reasonable assurance of performing and reporting in conformity with applicable professional standards in all material respects. Federal audit organizations can receive a rating of pass; pass with deficiencies, or fail. NARA OIG has received a peer review rating of pass." There are no outstanding recommendations from this review.

Peer Review of NARA OIG's Office of Investigations

NARA OIG's Office of Investigations was last peer reviewed by the National Science Foundation in May of 2008. There are no outstanding recommendations from this review.

ACTIVITIES

Response to Congressional Items

Request for Information on Non-Public Cases

In accordance with a written request, we provided Senator Charles Grassley and Senator Tom Coburn with a biannual report on all closed investigations, evaluations, and audits that were not disclosed to the public.

Information on Open Audit Recommendations

Chairman Darrell Issa of the House Oversight and Government Reform Committee requested, and was provided with, information on various open and/or unimplemented OIG audit recommendations.

Briefings to Congressional Committee Staffs

During the reporting period we briefed several Congressional Committee staffs on topics such as the reduced capacity and limitations of the Electronic Records Archives.

Inventory of Commercial Activities

We submitted to OMB our FY 2011 inventory of commercial activities performed by OIG employees. The Federal Activities Inventory Reform Act of 1998, PL 105-270 (the FAIR Act), requires Federal agencies to annually prepare and submit to OMB inventories of commercial activities performed by Federal employees. OMB is then required to list the available inventories in the Federal Register, and the agency head must transmit a copy of the inventory to the Congress, and make it available to the public. NARA forwarded its FY 2011 inventory to OMB and published it to the NARA website.

AUDITS

Overview

This period, we issued:

- six final audit reports, and
- four management letters.¹

We completed fieldwork on the following audits:

- an audit of the Management of Records at the Washington National Records Center (WNRC) to evaluate and assess the adequacy of security controls over the management and handling of records;
- a follow-up audit of the Process of Safeguarding and Accounting for Presidential Library Artifacts to evaluate NARA efforts to implement recommendations contained in OIG Audit Report 08-01, and determine whether actions taken provide reasonable assurance management controls are adequate to safeguard and account for library artifacts; and
- an audit of NARA's Public Transit Subsidy Program to determine the adequacy and effectiveness of internal controls over the administration of this NARA program.

We continued work on the following assignments:

- a Network Assessment audit to determine whether controls are adequate, identify inadequacies, and make recommendations to better support NARA's business needs and ensure peak efficiency;
- an audit of NARA's Classified Systems to determine whether NARA's classified systems are properly managed and adequately secured; and
- an audit of NARA's Data backup Operations to determine if NARA has a systematic, accountable, and documented process for restoring original data after a data loss event; and
- an audit of NARA's Compliance with OMB's Data Center Consolidation initiative to assess NARA's progress in meeting OMB's consolidation objectives and consolidating its data centers.

¹ Management letters are used to address issues which need to be quickly brought to the Archivist's or management's attention.

Audit Summaries

Trusted Internet Connection (TIC) Initiative

Our objective was to assess NARA's efforts to meet the TIC initiative and determine whether NARA had adequately prepared and planned to meet the goals of the initiative. In 2007, the Office of Management and Budget (OMB) announced the TIC initiative to optimize individual network services into a common solution for the Federal government. This initiative aimed to reduce external connections and improve the Federal government's incident response capability.

We found NARA had not adequately planned and prepared to meet the goals of OMB's TIC initiative. More than three years after OMB's announcement of this initiative, NARA had not fully completed actions to comply with requirements set by OMB, the U.S. General Services Administration (GSA), and the Department of Homeland Security (DHS). For example, a comprehensive Plan of Action and Milestones (POA&M) had not been developed to reduce and consolidate NARA's external connections and implement crucial TIC capabilities. Further, NARA had not developed contract requirements to determine the appropriate Contract Line Item Numbers (CLINs) needed to implement TIC services. Instead, the contractor providing those services was tasked with identifying the appropriate CLINs. Finally, a process had not been developed to monitor the contractor's performance of these services.

Despite reporting in 2008 that NARA was well into its migration to decrease from seven external connections to two TIC- approved connections, NARA had only eliminated one of their external connections by 2010 and had not yet eliminated the other four external connections to meet its goal. Further, as of May 2011, NARA had not fully implemented the two TIC-approved connections. Therefore, it appeared NARA had not managed this project as a priority and had not identified any constraints or technical gaps to prevent implementation of the TIC initiative. While a lack of transition priority was evident across the Government, progress has recently been reported at NARA and other organizations.

As a result, NARA had not fully implemented TIC as required by OMB and missed out on potential benefits offered by reducing its external connections and utilizing TIC-approved connections. For example, other agencies have experienced benefits such as improved network security and management. By reducing the number of access points, an agency can improve its ability to monitor traffic and protect network attacks.

We made six recommendations to aid in implementing TIC at NARA and meeting OMB, GSA, and DHS requirements. Management comments were not received prior to issuance of the final report. (OIG Report #11-17, dated September 30, 2011.)

AUDITS

Implementation Status of the Electronic Records Archive (ERA) System Requirements

This audit was part of our on-going effort to review NARA's development and implementation of the ERA program which represents the largest information technology project ever undertaken by NARA. We found that, of the 853 system requirements contained in the original ERA Requirements Document, 494 of them will either (a) not be satisfied at all, or (b) will not be implemented until after the system development phase ends on September 30, 2011. Many of these requirements represent significant system components such as record descriptions, access restrictions, and redaction of assets. As a result, after six years of development and over \$378 million spent, the ERA will only remotely represent the system NARA originally envisioned. This will have an adverse impact both upon NARA programs and operations, and upon stakeholders attempting to access Federal records.

A system's requirements describe the functionality needed to meet user needs and helps ensure the system developed performs as intended in the operating environment. They should be clearly defined and managed throughout system development in a disciplined way. The ERA Requirements Document, an accumulation of system's requirements, originally identified 853 requirements in 33 different functional areas.

The ERA contract states the ERA System must support NARA's end-to-end archival processes for appraisal and scheduling, transfer, accessioning, description, maintenance, and access to records. However, 494, or 58 percent, of the original requirements are no longer planned to be included in the system by the end of the development phase on September 30, 2011. The ERA fiscal year (FY) 2010 Expenditure Plan states that, as technical challenges have been encountered during the development of the system, there has been a tendency to reinterpret some of the requirements stated in the original ERA Requirements Document. The Requirements Document itself has remained the same, as has the scope of the system. A system designed and built without clear understanding of the Requirements Document, and strict adherence to its intent, may not meet NARA's needs and user expectations. Further, ERA's FY 2011 Expenditure Plan states the ERA must be built in strict conformance to both the letter and/or intent of the Requirements Document, to ensure the level of flexibility and scalability intended for the system.

At the end of the current system development phase on September 30, 2011, with 58 percent of the original ERA requirements having been removed or deferred, the ERA will only remotely represent the system that was originally envisioned. After six years of development and over \$378 million spent, NARA will get an ERA with much-reduced functionality, with less than half of the original requirements having been achieved. Management officials have represented a number of original requirements were no longer required based upon factors such as technological changes that evolved since program inception, or efficiencies identified by the contractor Lockheed Martin Corporation. While the OIG does not take issue with the applicability of this statement to certain requirements, we note many of the more critical requirements that have been deferred or removed do not fall within this definition or interpretation. (Audit Report #11-16, dated July 15, 2011.)

AUDITS

NARA's Telework Program

The objective of this audit was to determine whether NARA is fully capitalizing on the identified benefits of telework, and administering its telework program in accordance with Federal regulation and NARA policy. We focused on whether NARA management was aligning its telework program to meet established and recently enhanced Federal telework requirements. Further, this audit covered the implementation of NARA's telework program in terms of supervisory involvement and information security.

Our review found that although NARA has had a pilot telework program in place since September 2001, the program does not fully encompass key best practices or facilitate the realization of identified benefits associated with teleworking. Further, the implementation of NARA's pilot telework program does not reflect key objectives of the agency's Transformation initiative. These conditions are due to inadequate managerial and administrative support of NARA's telework program. These same factors resulted in a lack of training, guidance, and assistance for telework supervisors, which have negatively impacted the overall implementation of NARA's telework program. Although OPM has identified benefits associated with telework, the practice invites risk and abuse if employees are not adequately trained, equipped, monitored and subject to appropriate supervision. These risk factors clearly exist at NARA.

Further, our review found NARA's remote access capability—the Work-at-Home System (WAHS)—remains vulnerable to the threats it was designed to mitigate. The WAHS was not fully developed, tested, or administered in accordance with NARA policy and NIST security standards. Security requirements have not been met and in some cases remain untested. Now in full production, the WAHS is unnecessarily at risk of compromise, and controls in place to mitigate or detect such an event are insufficient. We made three recommendations, comprised of 17 subparts, to mitigate the identified risks and strengthen the security of NARA's telework program. Management concurred with all of the recommendations included in the report. (OIG Report #11-20, dated September 30, 2011.)

Subcontract Costs Submitted by a Prime Contractor

Pursuant to a request by NARA contract officials, we audited subcontract costs submitted by a NARA prime contractor to determine if (a) the prime contractor provided NARA contract officials with sufficient supporting documentation for the subcontract costs included on its invoices; and (b) subcontract costs submitted by the prime contractor and paid by NARA were accurate, supported, and allowable.

The following concerns were expressed: (1) the subcontractor CEO worked an excessive number of hours, including weekends and holidays; (2) direct labor rates continually changed without any justification; and (3) people were added to the subcontract without NARA approval. These concerns led to a request for the OIG to review the AP subcontracts.

As a result of our examination, we questioned the entire amount of \$3,970,827.24, of subcontract cost submitted. We reached this conclusion because the costs were unsupported, that is, the subcontractor failed to provide documentation sufficient for performing a contract review in

AUDITS

accordance with government audit policy and standards. Lacking valid, reliable records, the FAR does not provide auditors the basis to validate any component of the charges. In fact, the FAR stipulates that a contractor is responsible for accounting for costs appropriately and for maintaining records, including supporting documentation, adequate to demonstrate that costs claimed have been incurred, and that costs shall be allowed to the extent they are reasonable, allocable, and allowable. (OIG Report # 11-21, dated September 20, 2011.)

NARA's Foreign and Premium Travel

The objective of this audit was to determine whether premium and foreign travel was appropriately authorized and properly managed in accordance with Federal Travel Regulations and agency policies. We found opportunities exist to strengthen the effectiveness and control over the management of travel expenses related to premium and foreign travel. Specifically, we found management controls over travel did not function as intended resulting in inadequate review of travel activity, ineffective oversight of premium class and foreign travel, and inadequate reporting of foreign travel. Further, management of non-Federal sponsored travel needs enhancement as requesting reimbursement from non-Federal sources was not centralized, there was no verification payment was received from non-Federal sources, and conflict-of-interest determinations were not always obtained from the Office of General Counsel. Finally, we found NARA's monitoring of travel card expenditures was not robust as it lacked internal controls to minimize the risk of travel card misuse. Specifically, we found unauthorized ATM withdrawals and purchases on travel charge cards.

As a result of these conditions, NARA cannot ensure premium and foreign travel is appropriately authorized and properly managed in accordance with FTR and agency policies. We made six recommendations intended to strengthen the effectiveness and control over the management of travel expenses. Management concurred with each of the recommendations included in the report. (OIG Report # 11-14, dated July 7, 2011.)

NARA's Drug Testing Program

The objective of this audit was to determine whether controls were adequate to facilitate an effective drug testing program. Specifically our review focused on whether (1) NARA's program was implemented as stipulated in NARA's Drug-Free Workplace Plan and (2) that the Plan was in compliance with existing Federal regulations.

While NARA has established a Drug-Free Workplace Plan, the controls over the drug testing program were not adequate to ensure program goals were met and risks associated with illegal drug use were reduced. Specifically, the audit found (1) NARA has not randomly tested its employees for the use of illegal drugs since 2007; (2) NARA's Plan does not necessitate random drug testing for all positions that have access to "truly sensitive information"; (3) Managers are not adequately trained to identify and address illegal drug use by employees nor are employees offered training on drug awareness; (4) Evidence of drug testing results are not maintained; and (5) NARA's Drug-Free Workplace Plan document is not current and needs to be updated. We made five recommendations to improve the effectiveness of NARA's drug testing program, and management concurred with all of them. (OIG Report #11-15, dated July 7, 2011.)

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Investigations Overview

During this reporting period, the Office of Investigations (OI) opened six investigations and closed 14 investigations. The OI also received 71 complaints and closed 77 complaints, seven of which are closed pending an administrative response from NARA. Six NARA holdings were recovered during the period. The OI worked with the FBI, Treasury Inspector General for Tax Administration, as well as the Offices of Inspectors General at the Veterans Administration, the Federal Communications Commission and the Government Printing Office. At the close of the period, there remained 56 open complaints and 21 open investigations.

Updates on Previously Reported Investigations

Stolen Historical Materials

A former NARA employee was alleged to have stolen multiple NARA records while employed at the Archives. Many of these records were recovered during a search of his home. The case was accepted for prosecution, and the former employee pleaded guilty to embezzling government property in connection with an eight-year scheme to sell items he stole from the National Archives. He is scheduled for sentencing.

False Claims

A NARA contractor submitted claims for hours worked by unqualified personnel in violation of the terms of its contract. The Department of Justice declined the case for criminal prosecution but accepted it for civil action. The civil division of the U.S. Attorney's Office negotiated an agreement with the contractor to pay NARA \$30,000 for damages.

Mishandling of Classified Materials

Continuing security violations at the Washington National Records Center (WNRC) prompted the OIG to initiate an investigation in the interest of National Security. Pursuant to the completion of an inventory at NARA's Suitland facility of Top Secret (TS) and Restricted Data (RD) materials, 80 boxes of TS/RD material remain missing. This investigation was closed subject to continuing updates regarding the recovery of remaining material. NARA stated they have been working diligently since 2006 to correct issues associated with decades of records transfers in and out of the WNRC which lacked documentation needed for adequate identification and control of classified National Security Information. An OIG audit is now being conducted at this facility. During the audit, alleged threats were made to OIG audit staff and several security incidents have been reported.

False Billing

A company was initially investigated for allegations of a bid-rigging scheme to steer government contracts to the company and its alleged co-conspirators. That charge was not substantiated, and prosecution was declined. However, a civil case remains pending for an outstanding debt of more than \$250,000 for which NARA is demanding repayment.

Alienated Historical Document

A hand-written endorsement by President Lincoln, affixed on a letter, was offered for sale by an autograph dealer. The document included markings indicating it was a federal record. The

INVESTIGATIONS

markings were consistent with a NARA record group and the OIG's Archival Recovery Team worked with NARA's Office of General Counsel to recover the document.

Grand Jury Secrecy and Record Recovery

Potential grand jury and other federal records were inappropriately donated to an institution outside of the federal government more than 30 years ago. These records were brought to NARA's attention by a researcher doing work on the particular subject matter at the outside institution. The case was referred to the Department of Justice due to the potential exposure of grand jury information. The material is now at NARA and being reviewed by NARA archivists.

Wrongful Access to IRS Records in Transit

A previous investigation caused NARA to implement tighter security on shipments of IRS materials by using a more sophisticated lock for the containers transporting these materials and attaching a seal. However, another incident occurred and will be referred to management for consideration for additional security measures.

External Access of Child Pornography

A NARA employee was alleged to be accessing child pornography from his home computer by an external law enforcement entity. An examination of the employee's NARA computer found no indication that child pornography was accessed from the workplace. The case has been accepted for prosecution.

New Investigation Highlights

Theft of Historical Materials

Two individuals were indicted by a federal grand jury and arrested for conspiring to steal historical documents from museums in Maryland and New York, and selling them for profit. Search warrants were executed to recover historical documents and other evidence. The two individuals allegedly conspired to fraudulently obtain valuable documents and manuscripts from museums and other repositories, and then sell the documents for their financial gain. This case has been accepted for prosecution and is being worked with the FBI and the U.S. Attorney's Office.

Copyright Infringement

A case was accepted for prosecution by the U.S. Attorney's Office, Greenbelt, MD, for criminal copyright infringement.

Recovered Documents

A private citizen returned missing naturalization documents to a National Archives research facility. The citizen was reviewing family documentation at the National Archives and recognized he may have possession of the documents missing from the National Archives' files. The citizen voluntarily returned the documents. It is unknown how his family members, who are now deceased, obtained the documents.

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Mishandling of Military Records

Records at a National Archives Records Center were allegedly not being filed but were instead being abandoned at inappropriate areas in the building. The OI substantiated this allegation and the employee voluntarily resigned in lieu of termination.

Unauthorized Access to Sensitive Materials

An employee at a NARA Records Center inappropriately accessed sensitive and privileged Internal Revenue Service records. This case was declined for criminal prosecution, and will be referred for appropriate administrative action.

Mishandling of Records

A private individual was hired to appraise records belonging to an elected official. He conducted research at one of NARA's Records Centers and retrieved a collection of the elected official's records for off-site review. Records Center staff provided the individual with incorrect records during his time in the research room, and allowed him to leave the premises with more boxes than he was authorized to retrieve. Some of these records belonged to a different elected official. Due to poor communication and a series of data entry errors, NARA also erroneously billed the individual. Recommendations and corrective actions were documented, the billing was corrected, and five employees received verbal reprimands. Written procedures for the unclassified research room were also issued.

Contract Mismanagement

A NARA employee at a Presidential Library was circumventing a contract, for which they had oversight, for personal preferences. The employee was counseled and required to attend training.

Improper Use of Contract Information

A contractor who had authorized access to a parking control database misused that access for personal gain. The contractor was removed from the contract and his NARA access was revoked.

Improper Access to NARA Holdings

A contractor employee granted himself access to a temporary NARA facility, including access to NARA holdings. The contractor employee was stopped from gaining access to the records by a NARA employee. The contractor reprimanded the employee, giving him 60 days probation for his actions. The contractor also took corrective action to tighten controls over access to NARA records located at their facility.

Hostile Work Environment

A NARA employee had a history of creating a hostile work environment, to include making threats to management. The employee resigned before administrative action was taken.

Misuse of NARA Seal

A private company was using NARA's seal on their company website. Upon further review, the company appeared to be using the Great Seal of the United States. The OI prompted NARA's General Counsel to send a cease-and-desist letter to the company, who removed the seal.

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Counterfeit Currency

Counterfeit currency was used to purchase goods at a NARA facility. The investigation was inconclusive as to who passed this currency. This was referred to US Secret Service.

Government Travel Card Abuse

Three NARA employees were taking improper cash advances on their government travel card. These were determined to be administrative violations and were referred to NARA for appropriate action.

Alienated Historical Material

A document for sale by a private citizen was determined to be alienated from NARA's holdings. The owner has not relinquished custody of this material. It has been referred to the Department of Justice for civil recovery.

Other Office of Investigation Activity

Archival Recovery Team

During this period, the Archival Recovery Team (ART) fielded 22 complaints and opened three investigations. Twenty complaints and five investigations were closed. At the close of the period, 33 ART complaints and five ART investigations remained open. During the period six NARA holdings were recovered.

- **Management Assistance on President Lincoln Records Recovery**

ART assisted NARA in recovering historical documents concerning the appointment of a chaplain to a hospital after the Battle of Antietam, endorsed by President Lincoln and dated November 12, 1862. The documents were removed at some unknown time in the past from Civil War-era records, possibly prior to the creation of the National Archives. A New York dealer had purchased the documents from a dealer in Connecticut, who had received them on consignment from a family in Rhode Island. Upon learning of the rightful provenance of the documents, the original consigners agreed to the return of the documents to NARA.

- **Social Media:** The ART facebook page continues to grow, adding an additional 150 "friends" for a total of over 1,600. The site updates the public about upcoming shows and happenings with the ART, along with other newsworthy items about document thefts, investigations, and recoveries at NARA and other institutions worldwide. Visit the site at <http://www.facebook.com/archivalrecoveryteam>.

- **Other Media:** The work of ART appeared in a variety of publications around the country. Additionally, the Inspector General and the Supervisor of ART presented a session on "What Are My Records Doing on eBay?" at the National Association of Government Archives and Records Administrator and the Council of State Archivists in Nashville, TN. They also presented a session on "Recovering America's Lost and Stolen National Treasures" at the International Foundation for Cultural Property Protection conference in Denver, CO.

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- **Outreach:** As part of the ART's outreach program working with individuals and groups who may have interactions with historic records, Office of Investigations staffed displays at the following shows to educate the public about the NARA OIG and ART.
 - The Civil War Show, Fredericksburg, Virginia
 - The Civil War Symposium, Atlanta, Georgia
 - The Annual Ohio Civil War Collectors Show, Mansfield, Ohio
 - The Civil War Show, Gettysburg, Pennsylvania
 - The Central Virginia Civil War Collectors' Show, Richmond, Virginia
 - The Military Antiques Xtravaganza (*MAX*) Show, Pittsburgh, Pennsylvania

Computer Crimes Unit

During the reporting period, the Computer Crimes Unit (CCU) provided digital forensic support to several criminal investigations, including:

- The CCU participated in the execution of a search warrant, seizing a variety of digital media including floppy drives, ZIP drives, optical media, and Secure Digital (SD) cards. The CCU also obtained digital evidence seized during an earlier search warrant of the same location. Ultimately, approximately 300 gigabytes of digital evidence was obtained and processed in support of this investigation. The examination of this matter is ongoing.
- The CCU obtained, processed, and examined over two terabytes (TB) of digital evidence from two computer workstations, GroupWise email accounts, and network shares in support of an ongoing internal investigation.
- The CCU supported investigations by the Government Printing Office (GPO) OIG and the Federal Communications Commission (FCC) OIG. In the GPO OIG case, the CCU copied subpoena response material related to a procurement fraud case in a forensically sound manner. In the FCC OIG case, the CCU obtained, processed, and examined approximately 200 gigabytes of digital evidence from two laptop computers.

In addition to providing forensic support to investigations, the CCU also visited the Financial Crime Enforcement Network (FinCEN) operated by the Department of the Treasury on several occasions to run database searches related to criminal investigations. The CCU also continued reviewing NARA firewall log data as part of a proactive investigation to determine if employees are using the NARA network to obtain and/or distribute child pornography.

INVESTIGATIONS

OIG Hotline

The OIG Hotline provides a confidential channel for reporting fraud, waste, abuse, and mismanagement to the OIG. In addition to receiving telephone calls at a toll-free Hotline number and letters to the Hotline post office box, we also accept e-mail communication from NARA's internal network or the Internet through the Hotline e-mail system. Walk-ins are always welcome. Visit <http://www.archives.gov/oig/> for more information, or contact us:

- **By telephone**
Washington, DC, Metro area: (301) 837-3500
Toll-free and outside the Washington, DC, Metro area: (800) 786-2551
- **By mail**
NARA OIG Hotline
P.O. Box 1821
Hyattsville, MD 20788-0821
- **By e-mail**
oig.hotline@nara.gov
- **By Fax**
(301) 837-0879
- **By online referral form**
<http://www.archives.gov/oig/referral-form/index.html>

The Office of Investigations promptly and carefully reviews calls, letters, and e-mail to the Hotline. We investigate allegations of suspected criminal activity or civil fraud and conduct preliminary inquiries on non-criminal matters to determine the proper disposition. Where appropriate, referrals are made to OIG audit staff, NARA management, or external authorities. Substantive Hotline contacts are captured as complaints in the Office of Investigations.

<u>OIG Hotline Activity for the Reporting Period</u>	
Complaints received	71
Complaints closed pending response from NARA	7
Complaints closed final	70
Complaints open to Investigations	5

Contractor Self Reporting Hotline

As required by the Federal Acquisition Regulation, a web-based form allows NARA contractors to notify the OIG, in writing, whenever the contractor has credible evidence a principal, employee, agent, or subcontractor of the contractor has committed a violation of the civil False Claims Act or a violation of Federal criminal law involving fraud, conflict of interest, bribery, or gratuity violations in connection with the award, performance, or closeout of a contract or any related subcontract. The form can be accessed through the OIG's home page, or found directly at: <http://www.archives.gov/oig/contractor-form/index.html>

TOP TEN MANAGEMENT CHALLENGES

Overview

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

One area not identified below is the impact of the major NARA transformation instituted under the direction of Archivist of the United States David S. Ferriero. The organizational structure the Archivist inherited when he came to NARA two short years ago has been radically re-engineered, and the majority of senior staff who held positions of authority under the former Archivist have left the agency. The process of transforming NARA to meet our core mission in this digital age is essential, but organizational transformations by their very nature may precipitate unforeseen challenges to staff and management alike.

1. Electronic Records Archives

NARA initiated the Electronic Records Archive (ERA) Program in order to address the challenge of ingesting, preserving and providing access to our nation's electronic records for as long as needed. However, virtually since inception the program has been fraught with delays, costs overruns, and technical shortcomings and deficiencies. Elements of these problems were identified by NARA's Office of Inspector General and the Government Accountability Office (GAO). In August 2010, OMB placed the ERA Program on its high-priority list of 26 high-risk IT projects selected from across the Federal government. On September 30, 2011 the development contract between NARA and Lockheed Martin Corporation concluded. However, many core requirements were not fully addressed and the ERA Program lacks the originally envisioned functionality.

The program is now transitioning to a Operations and Maintenance (O&M) phase, with IBM receiving a 10-year, \$240 million contract. The O&M tasks to be performed by IBM, under a firm-fixed-price (FFP) arrangement, include: help desk operations, incident management, problem management, hardware and software maintenance, asset and configuration management, deployment management, capacity management, availability management, security services, backup and recovery services, and ingest operations. The contract will also include replacing and updating the technologies comprising ERA, and developing increased ERA System functionality. These additional tasks will be performed under Technical Direction Letters (TDLs) which may be either FFP or time-and-materials (T&M) arrangements.

The ERA Program faces many challenges going forward, including addressing increased volumes of data to be ingested and increased number of users to be supported when ERA use becomes mandatory for all federal agencies starting in September 2012. However, the greatest challenge will be NARA's ability (with vendor support) to effectively meet stakeholder needs, while operating and maintaining a system whose development failed to meet core benchmark requirements and lacks originally envisioned capabilities.

TOP TEN MANAGEMENT CHALLENGES

2. Improving Records Management

Part of NARA's mission is safeguarding and preserving the records of our government, thereby ensuring people can discover, use, and learn from this documentary heritage. NARA provides continuing access to the essential documentation of the rights of American citizens and the actions of their government. The effective management of these records is key to accomplishing this mission. NARA must work with Federal agencies to ensure the effective and efficient appraisal, scheduling, and transfer of permanent records, in both traditional and electronic formats. The major challenge is how best to accomplish this component of our overall mission while reacting and adapting to a rapidly changing technological environment in which electronic records, particularly e-mail, proliferate. In short, while the ERA system is intended to work with electronic records received by NARA, we need to ensure the proper electronic and traditional records are in fact preserved and sent to NARA in the first place.

NARA also directs the Electronic Records Management (ERM) initiative, one of 24 government-wide initiatives under the E-Government Act of 2002. The ERM initiative will provide guidance to agencies in managing and transferring their permanent electronic records to NARA, in an increasing variety of data types and formats. In June 2008, GAO recommended NARA develop and implement an approach to provide oversight of agency electronic records management programs, to provide adequate assurance that NARA guidance is effective and the agencies are following electronic records guidance. NARA, its Government partners, and Federal agencies are challenged with determining how best to manage electronic records and how to make ERM and e-Government work more effectively.

3. Information Technology Security

The Archivist identified IT Security as a material weakness under the Federal Managers' Financial Integrity Act reporting process beginning in FY 2007. NARA's Office of Information Services (I) conducted an independent assessment of the IT security program using the Program Review for Information Security Management Assistance (PRISMA) methodology developed by the National Institute for Standards and Technology (NIST) in FY 2007. The assessment stated NARA's policy and supporting procedures for IT security were weak, incomplete, and too dispersed to be effective. Over four years later, NARA officials continue to work to address weaknesses identified during the assessment.

IT security continues to present major challenges for NARA, including physical security of IT hardware, and technical vulnerabilities within our electronic systems themselves and how NARA operates them. Annual assessments of NARA's compliance with the Federal Information Security Management Act have consistently identified program areas in need of significant improvement. The confidentiality, integrity, and availability of our electronic records and information technology systems are only as good as our IT security infrastructure. GAO issued a report in early FY 2011 identifying significant weaknesses in access controls, and other information security controls, impairing NARA's ability to ensure the confidentiality, integrity, and availability of its information systems. Each year, risks and challenges to IT security continue to be identified. NARA must ensure the security of its data and systems or risk undermining the agency's credibility and ability to carry out its mission.

TOP TEN MANAGEMENT CHALLENGES

4. Expanding Public Access to Records

The records of a democracy's archives belong to its citizens. NARA's challenge is to more aggressively inform and educate our customers about the services we offer and the essential evidence to which we can provide access. Unfortunately, approximately half of NARA's textual holdings have not been processed to allow efficient and effective access to these records. To meet its mission, NARA must work to ensure it has the processes and resources necessary to establish intellectual control over this backlog of unprocessed records.

Another challenge for NARA, given society's growing expectation for easy and near-immediate access to information on-line, will be to provide such access to records created digitally (i.e., "born digital") and to identify those textual records most in demand so they can be digitized and made available electronically. The ERA Program's diminished access capabilities compound this problem. NARA's role in ensuring the timeliness and integrity of the declassification process of classified material held at NARA is also vital to public access.

5. Meeting Storage Needs of Growing Quantities of Records

NARA-promulgated regulation 36 CFR Part 1228, "Disposition of Federal Records," Subpart K, "Facility Standards for Records Storage Facilities," requires all facilities housing Federal records to meet defined physical and environmental requirements by FY 2009. NARA's challenge is to ensure its own facilities, as well as those used by other Federal agencies, are in compliance with these regulations; and effectively mitigate risks to records which are stored in facilities not meeting these standards.

6. Preservation Needs of Records

As in the case of our national infrastructure (bridges, sewer systems, etc.), NARA holdings grow older daily and face degradation associated with time. This affects both traditional paper records, and the physical media that electronic records and audio/visual records are stored on. Per management, preservation resources have not been able to adequately address the growth in holdings needing preservation action. As a result, backlogs have grown and NARA will not meet this year's preservation target, and is not projected to meet its long range performance target for FY 2016. Preserving and providing access to records is a fundamental element of NARA's duties to the country, and NARA cannot provide access to records unless it can preserve them for as long as needed. The backlog of records needing preservation action continues to grow. NARA is challenged to address this backlog and future preservation needs, including the data integrity of electronic records. The challenge of ensuring NARA facilities meet environmental standards for preserving records (see OIG Challenge #5) also plays a critical role in the preservation of Federal records.

7. Improving Project Management

Effective project management, particularly for IT projects, is essential to obtaining the right equipment and systems to accomplish NARA's mission. Complex and high-dollar contracts require multiple program managers, often with varying types of expertise. NARA is challenged

TOP TEN MANAGEMENT CHALLENGES

with planning projects, developing adequately defined requirements, analyzing and testing to support acquisition and deployment of the systems, and providing oversight to ensure effective or efficient results within costs. Currently, IT systems are not always developed in accordance with established NARA guidelines. These projects must be better managed and tracked to ensure cost, schedule, and performance goals are met.

As an example, GAO reported NARA did not document the results of briefings to its senior management oversight group during the development of NARA's largest IT project, the ERA Program. There is little evidence the group identified or took appropriate corrective actions, or ensured such actions were taken and tracked to closure. Without adequate oversight evaluating project progress, including documenting feedback and action items from senior management, NARA will not be able to ensure projects are implemented at acceptable cost and within reasonable time frames. GAO also reports NARA has been inconsistent in its use of earned value management (EVM), a project management approach providing objective reports of project status and early warning signs of cost and schedule overruns. Inconsistent use of key project management disciplines like EVM limits NARA's ability to effectively manage projects and accurately report on their progress.

8. Physical and Holdings Security

The Archivist has identified security of collections as a material weakness under the FMFIA reporting process. Document and artifact theft is not a theoretical threat; it is a reality NARA has been subjected to time and time again. NARA must maintain adequate levels of security to ensure the safety and integrity of persons and holdings within our facilities. This is especially critical in light of the security realities facing this nation and the risk our holdings may be pilfered, defaced, or destroyed by fire or other man-made and natural disasters. Not only do NARA's holdings have immense historical and financial value, but we hold troves of national security information as well. Developments such as the creation of the Holdings Protection Team and implementation of stricter access controls are welcome additions to NARA's security posture and should be commended. However, NARA must continually strive to improve in this area.

9. Contract Management and Administration

The GAO has identified Commercial Services Management (CSM) as a government-wide initiative. The CSM initiative includes enhancing the acquisition workforce, increasing competition, improving contract administration skills, improving the quality of acquisition management reviews, and strengthening contractor ethics requirements. Effective contract management is essential to obtaining the right goods and services at a competitive price to accomplish NARA's mission. NARA is challenged to continue strengthening the acquisition workforce and to improve the management and oversight of Federal contractors. NARA is also challenged with reviewing contract methods, to ensure a variety of procurement techniques are properly used in accordance with laws, regulations and best practices.

TOP TEN MANAGEMENT CHALLENGES

10. Strengthening Human Capital

The GAO has identified human capital as a government-wide high risk, explaining it is critical to ensure agencies have the talent and skill mix they need to address their current and emerging human capital challenges. NARA's 2011 results to the Employee Viewpoint Survey (EVS) are largely consistent with the results from previous years, where NARA did not score particularly well. Importantly, NARA continues to lag behind the rest of the Federal government in overall employee satisfaction.

However, NARA recognizes work is needed to improve. NARA is going through a major reorganization. One of the first initiatives was realigning relevant functions into a Human Capital Office reporting directly to the Archivist. The Human Capital Office's top priority will be taking a comprehensive and integrated approach to human capital management throughout the agency. This approach is designed to include a renewed commitment to diversity, a focus on continuous learning, and an emphasis on addressing the needs identified in the Employee Viewpoint Survey. The Human Capital Office will also be charged with developing systems and programs for encouraging and rewarding leadership, service and excellence at all levels. NARA's challenge is to adequately address these issues to change the current situation and effectively recruit, retain, and train the employees needed to achieve its mission.

REPORTING REQUIREMENTS

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

<u>REQUIREMENT</u>	<u>SUBJECT</u>	<u>PAGE(s)</u>
Section 4(a)(2)	Review of legislation and regulations	6, 9
Section 5(a)(1)	Significant problems, abuses, and deficiencies	2 – 4, 13 – 16, 23 – 27
Section 5(a)(2)	Significant recommendations for corrective action	2 – 4, 13 – 16
Section 5(a)(3)	Prior significant recommendations unimplemented	32
Section 5(a)(4)	Summary of prosecutorial referrals	30
Section 5(a)(5)	Information or assistance refused	32
Section 5(a)(6)	List of reports issued	31
Section 5(a)(7)	Summaries of significant reports	2 – 4, 13 – 16
Section 5(a)(8)	Audit Reports—Questioned costs	31
Section 5(a)(9)	Audits Reports—Funds put to better use	32
Section 5(a)(10)	Prior audit reports unresolved	32
Section 5(a)(11)	Significant revised management decisions	32
Section 5(a)(12)	Significant revised management decisions with which the OIG disagreed	32
P.L. 110-181	Annex of completed contract audit reports	31
P.L. 111-203	Reporting on OIG peer review	10

REPORTING REQUIREMENTS

STATISTICAL SUMMARY OF INVESTIGATIONS

<i>Investigative Workload</i>	
Complaints received this reporting period	71
Investigations pending at beginning of reporting period	29
Investigations opened this reporting period	6
Investigations closed this reporting period	14
Investigations carried forward this reporting period	21
<i>Categories of Closed Investigations</i>	
Fraud	1
Conflict of Interest	0
Contracting Irregularities	1
Misconduct	3
Larceny (theft)	5
Other	4
<i>Investigative Results</i>	
Cases referred – accepted for prosecution	3
Cases referred – declined for prosecution	2
Cases referred – pending prosecutive decision	1
Arrest	2
Indictments and informations	3
Convictions	1
Fines, restitutions, judgments, and other civil and administrative recoveries	\$30,000
NARA holdings recovered	6
<i>Administrative Remedies</i>	
Employee(s) terminated	1
Employee(s) resigned in lieu of termination	2
Employee(s) suspended	0
Employee(s) given letter of reprimand or warnings/counseled	9
Employee(s) taking a reduction in grade in lieu of administrative action	0
Contractor (s) removed	1
Individual(s) barred from NARA facilities	0

REPORTING REQUIREMENTS

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

Accepted for Prosecution

Theft of Historical Materials

Two individuals were indicted by a federal grand jury and arrested for conspiring to steal historical documents from museums in Maryland and New York, and selling them for profit. Search warrants were executed to recover historical documents and other evidence. The two individuals allegedly conspired to fraudulently obtain valuable documents and manuscripts from museums and other repositories, and then sell the documents for their financial gain. This case has been accepted for prosecution and is being worked with the FBI and the U.S. Attorney's Office.

Copyright Infringement

A case was accepted for prosecution by the U.S. Attorney's Office, Greenbelt, MD, for criminal copyright infringement.

External Access of Child Pornography

A NARA employee was alleged to be accessing child pornography from his home computer by an external law enforcement entity. An examination of the employee's NARA computer found no indication child pornography was accessed from the workplace. The case has been accepted for prosecution.

Declined for Prosecution

Procurement Process Violation

Allegations were made that contract support staff may have steered a contract to a specific vendor. This allegation was not substantiated. However, it was substantiated that the procurement process was subverted. This matter was declined for criminal prosecution but was reported to NARA management.

Violation of Protected Income Tax Information

A NARA employee at a records center was looking through IRS boxes designated for destruction. The box was wrapped with IRS tape, which stated that the box was only to be opened by IRS personnel. The employee was curious and looked through the box. This investigation was declined for criminal prosecution but will be referred to NARA for appropriate action.

Pending Prosecutorial Determination

Alienated Historical Material

A document for sale by a private citizen was determined to be alienated from NARA's holdings. The owner has not relinquished custody of this material. It has been referred to the Department of Justice for civil recovery.

REPORTING REQUIREMENTS

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

Report No.	Title	Date	Questioned Costs	Unsupported Costs	Funds Put to Better Use
11-14	Audit of NARA's Foreign and Premium Travel	07/07/2011	0	0	0
11-15	Audit of NARA's Drug Testing Program	07/07/2011	0	0	0
11-16	Implementation Status of the Electronic Records Archives System Requirements	07/15/2011	0	0	0
11-17	Audit of the Trusted Internet Connections Initiative at NARA	09/30/2011	0	0	0
11-20	Audit of NARA's Telework Program	09/30/2011	0	0	0
11-21	Review of a NARA Prime Contractor's Subcontract Costs	9/30/2011	3,970,827.24	0	0

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

Category	Number of Reports	DOLLAR VALUE	
		Questioned Costs	Unsupported Costs
A. For which no management decision has been made by the commencement of the reporting period	1	\$27,159	\$27,159
B. Which were issued during the reporting period	0	\$3,970,827	\$3,970,827
Subtotals (A + B)	1	\$3,997,986	\$3,997,986
C. For which a management decision has been made during the reporting period	0	\$27,159	\$27,159
(i) dollar value of disallowed cost	0	\$0	\$0
(ii) dollar value of costs not disallowed	0	\$27,159	\$27,159
D. For which no management decision has been made by the end of the reporting period	1	\$3,970,827	\$3,970,827
E. For which no management decision was made within 6 months	1	\$0	\$0

ANNEX ON COMPLETED CONTRACT AUDIT REPORTS

Section 845 of the 2008 Defense Authorization Act, Public Law 110-181, requires certain information on completed contract audit reports containing significant audit findings be included as an annex to this report. While the OIG audited the ERA and other contracts during this period, they were generally program audits as opposed to contract audits, and the DCAA audits of the ERA program this period do not rise to the level of Section 845 requirements.

REPORTING REQUIREMENTS

AUDIT REPORTS WITH RECOMMENDATIONS THAT FUNDS BE PUT TO BETTER USE Requirement 5(a)(9)

CATEGORY	NUMBER	DOLLAR VALUE
A. For which no management decision has been made by the commencement of the reporting period	0	\$434,589
B. Which were issued during the reporting period	1	\$0
Subtotals (A + B)	1	\$434,589
C. For which a management decision has been made during the reporting period	0	\$0
(i) dollar value of recommendations that were agreed to by management	0	\$0
Based on proposed management action	0	\$0
Based on proposed legislative action	0	\$0
(ii) dollar value of recommendations that were not agreed to by management	0	\$0
D. For which no management decision has been made by the end of the reporting period	1	\$434,589
E. For which no management decision was made within 6 months of issuance	1	\$434,589

OTHER REQUIRED REPORTS

REQUIREMENT	CATEGORY	SUMMARY
5(a)(3)	Prior significant recommendations unimplemented	None
5(a)(5)	Information or assistance refused	None
5(a)(10)	Prior audit reports unresolved	None
5(a)(11)	Significant revised management decisions	None
5(a)(12)	Significant revised management decisions with which the OIG disagreed	None