NATIONAL ARCHIVES AND RECORDS ADMINISTRATION

Preserving the Past
to Protect the Future

Summary Report

2008 Performance and Accountability Report
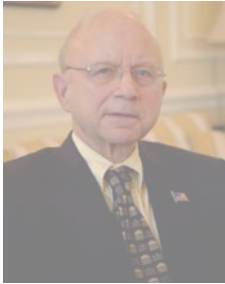
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MANAGEMENT'S DISCUSSION AND ANALYSIS

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 *(of the full report)*.

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 Summary Report

This summary 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/.*

The full report has four major sections:

- **Management's Discussion and Analysis** *(in full and summary reports)*

  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** *(in full report)*

  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** *(in full report)*

  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** *(in full report)*

  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 Helbrig O'Brien with a letter written to her in 1960 by Eleanor Roosevelt.
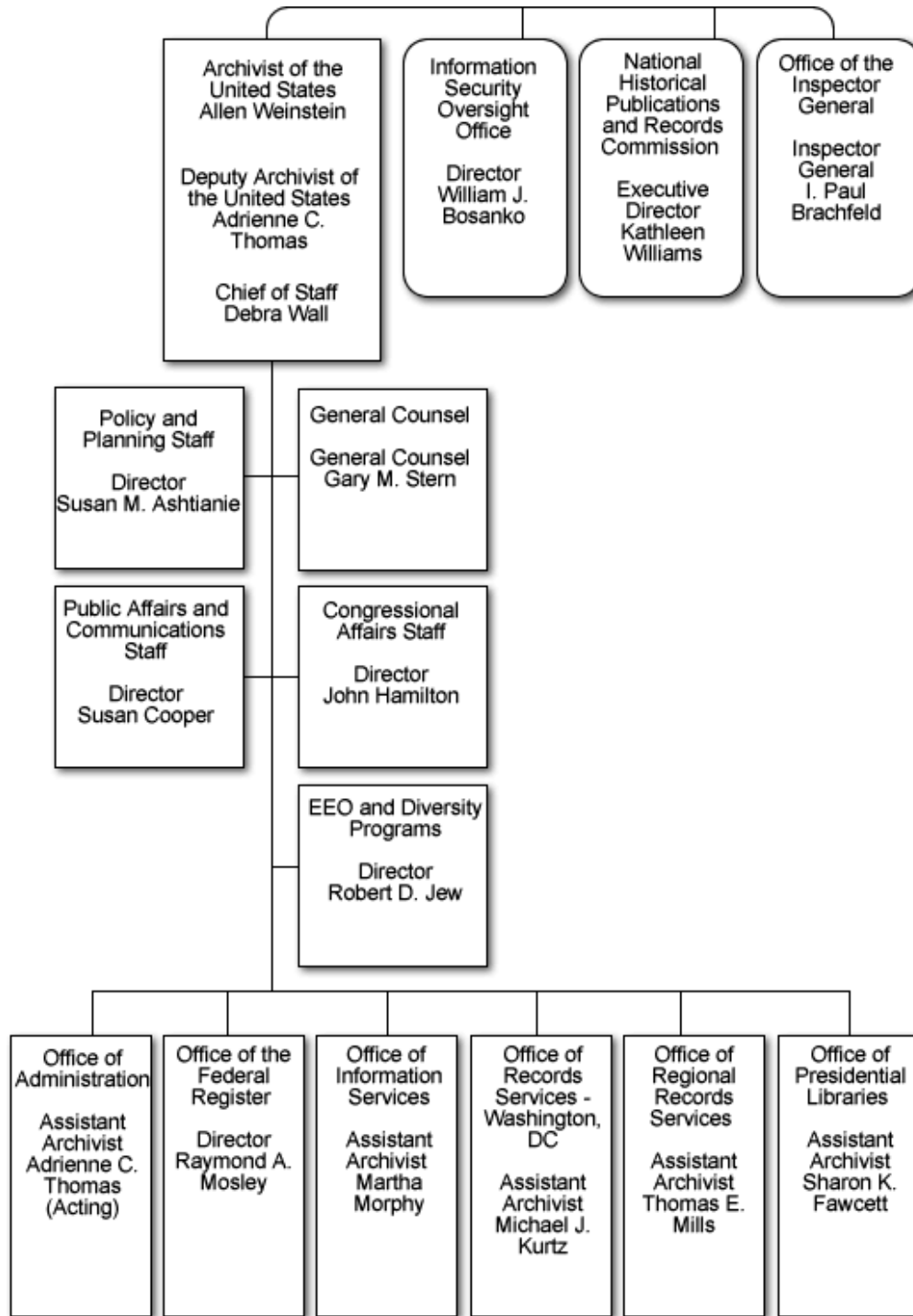
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│ Archivist of    │ Information  │ National     │ Office of    │
│ the United      │ Security     │ Historical   │ the Inspector│
│ States          │ Oversight    │ Publications │ General      │
│ Allen Weinstein │ Office       │ and Records  │              │
│                 │              │ Commission   │ Inspector    │
│ Deputy Archivist│ Director     │              │ General      │
│ of the United   │ William J.   │ Executive    │ I. Paul      │
│ States          │ Bosanko      │ Director     │ Brachfeld    │
│ Adrienne C.     │              │ Kathleen     │              │
│ Thomas          │              │ Williams     │              │
│                 │              │              │              │
│ Chief of Staff  │              │              │              │
│ Debra Wall      │              │              │              │
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Policy and Planning Staff	General Counsel
Director Susan M. Ashtianie	General Counsel Gary M. Stern

Public Affairs and Communications Staff	Congressional Affairs Staff
Director Susan Cooper	Director John Hamilton

EEO and Diversity Programs
Director Robert D. Jew

Office of Administration	Office of the Federal Register	Office of Information Services	Office of Records Services - Washington, DC	Office of Regional Records Services	Office of Presidential Libraries
Assistant Archivist Adrienne C. Thomas (Acting)	Director Raymond A. Mosley	Assistant Archivist Martha Morphy	Assistant Archivist Michael J. Kurtz	Assistant Archivist Thomas E. Mills	Assistant Archivist Sharon K. Fawcett

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 it's 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 it's "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 Electronic Records Archives achieved Initial Operating Capability in June.

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.
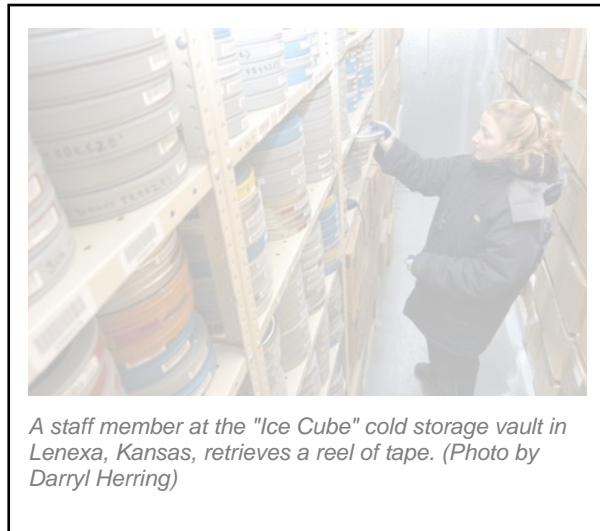
Electronic Records Project
Another significant records management project that gained momentum this year is NARA's Electronic Records Project. Begun in 2004, this project addresses the critical needs of Federal agencies in meeting the challenges of identifying, scheduling, and preserving the tremendous 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.

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

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.

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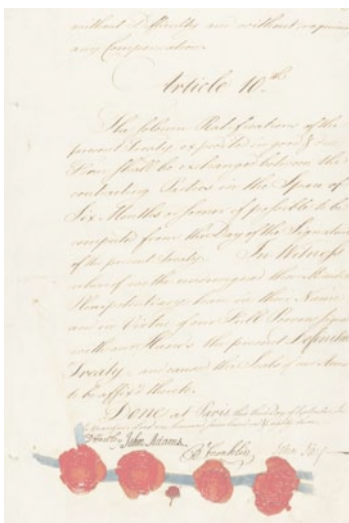
Bellardo was elected Vice-President Programme in March. The Programme Commission is responsible for overseeing the development and successful execution of the professional and technical activities of the ICA. "What NARA gains from this investment of staff resources is access to the new approaches, tools,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

NARA and Library and Archives of Canada Collaborate on Exhibit

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.

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.

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**
Archives.gov	**—**	**—**	**—**	**—**	**—**	**18,849,142**
Our Documents.gov	**—**	**—**	**—**	**—**	**—**	**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		
Programs	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

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.

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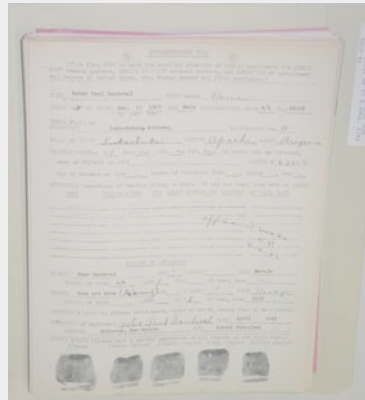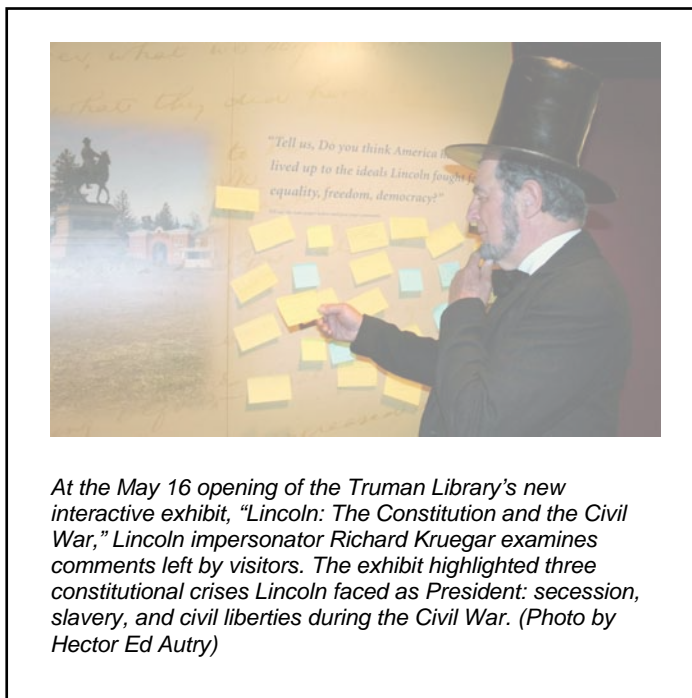
The Tribal Enrollment and Identification Form of Peter Paul Sandoval, listing his sister. Sandoval was missing-in-action during the Korean War, and his sister may be able to verify his remains. (Photo by Gwen Granados)

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,

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)

anticipate that this system will successfully meet users' needs on schedule.

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

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

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

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.

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.	✔		✔				

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).
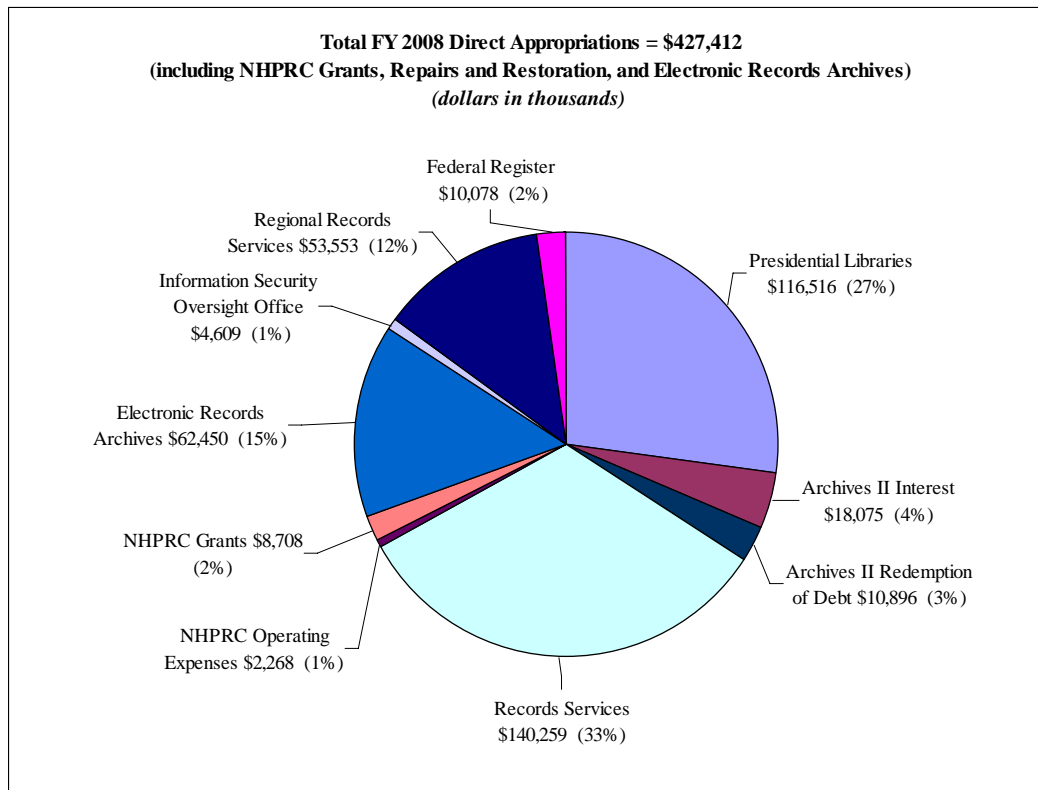

Total FY 2008 Direct Appropriations = $427,412
(including NHPRC Grants, Repairs and Restoration, and Electronic Records Archives)
(dollars in thousands)

- Federal Register $10,078 (2%)
- Regional Records Services $53,553 (12%)
- Information Security Oversight Office $4,609 (1%)
- Electronic Records Archives $62,450 (15%)
- NHPRC Grants $8,708 (2%)
- NHPRC Operating Expenses $2,268 (1%)
- Records Services $140,259 (33%)
- Presidential Libraries $116,516 (27%)
- Archives II Interest $18,075 (4%)
- Archives II Redemption of Debt $10,896 (3%)

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.
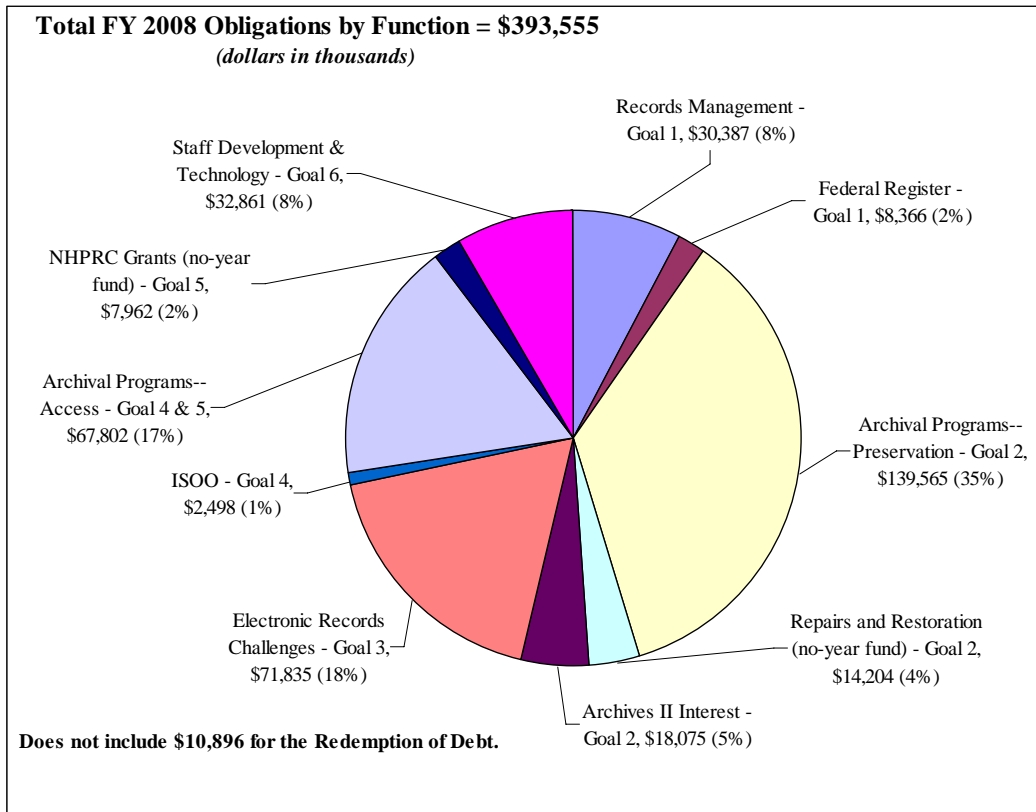
Total FY 2008 Obligations by Function = $393,555
(dollars in thousands)

Records Management - Goal 1, $30,387 (8%)

Federal Register - Goal 1, $8,366 (2%)

Staff Development & Technology - Goal 6, $32,861 (8%)

NHPRC Grants (no-year fund) - Goal 5, $7,962 (2%)

Archival Programs-- Access - Goal 4 & 5, $67,802 (17%)

ISOO - Goal 4, $2,498 (1%)

Archival Programs-- Preservation - Goal 2, $139,565 (35%)

Electronic Records Challenges - Goal 3, $71,835 (18%)

Repairs and Restoration (no-year fund) - Goal 2, $14,204 (4%)

Archives II Interest - Goal 2, $18,075 (5%)

Does not include $10,896 for the Redemption of Debt.

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.
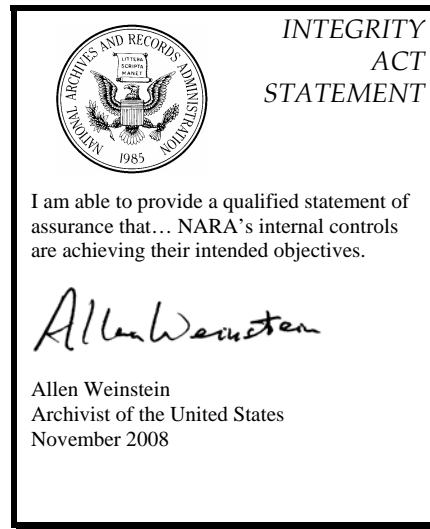
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Systems, Controls, and Legal Compliance

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 of the full report for NARA's FY 2008 FMFIA Report.*)

INTEGRITY ACT STATEMENT

I am able to provide a qualified statement of assurance that… NARA's internal controls are achieving their intended objectives.

Allen Weinstein
Archivist of the United States
November 2008

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 FFMIA, 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.

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 deficiency[1] in internal control over financial reporting in the area of Information Technology. CG reported no material weaknesses[2] 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.

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[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.

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.

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This summary report is available on our web site at—

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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—

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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*.

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