PRESERVING THE PAST
TO PROTECT THE FUTURE

National Archives and Records Administration

2011 Performance and Accountability Report

Preserving the Past to Protect the Future

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NATIONAL ARCHIVES AND RECORDS ADMINISTRATION

A Message from the Archivist of the United States

I am pleased to present the National Archives and Records Administration's Performance and Accountability Report for FY 2011. This report is one of the many ways we demonstrate our commitment to openness and transparency about NARA's operations—by sharing the results of our progress towards the goals in our Strategic Plan and informing you of how we used our resources during Fiscal Year 2011.

NARA's role in our democracy is clear and simple—we are the nation's record keeper. We safeguard and preserve the records of our national government so our citizens can use them and learn from them now and many years from now. These records, representing only 2 to 3 percent of all those created by Federal departments and agencies, include billions of records both in traditional and electronic formats in 44 locations across the country. Increasingly, many of our holdings are available online.

This has been a remarkable year for NARA. Not only did we make progress on important programs, we did this while beginning a complete transformation of the agency. A staff-driven transformation of the agency to better align ourselves with our customers, this five-year process is intended to modernize the agency and increase our efficiency and effectiveness in a time of increasingly austere budgets. A new organizational structure attempts to eliminate stovepipes and duplicate processes, and makes NARA more nimble and responsive to our stakeholders. Six new transformation goals (described in more detail on page 3) provide us a new lens through which to view our strategic goals, fostering new, creative ways to approach our work. These are exciting times for the agency as we work to ensure that NARA's mission of preserving and providing access to Federal Government records created in past centuries remains relevant in the 21st century.

You will find more information about our work throughout this report. Highlighting our accomplishments during the past year, we:

- Completed development work on our Electronic Records Archives (ERA) on September 30, 2011, and expanded ERA's use to more Federal agency users. In addition, we selected an operations and maintenance (O&M) contractor to ensure the continued operation of the system during the O&M phase, which began October 1, 2011. The contractor will also help us provide for the system's evolution as we adapt to emerging needs and inevitable changes in technology and software.

- Took occupancy of the new National Personnel Records Center in St. Louis, which has the capacity to store 2.3 million cubic feet of records. Holdings include more than 100 million Official Military Personnel Files (OMPF), Organizational and Auxiliary files, and Official Personnel Folders (OPF) of former civilian Federal personnel who separated prior to 1973.

- Launched the Online Public Access prototype, the public portal that provides access to digitized records and information about our records. OPA was part of our flagship Open Government Initiative.

- Redesigned *Archives.gov*, our public website, with the help of the public and National Archives staff. Another part of our flagship Open Government Initiative, the new *Archives.gov* provides a streamlined look and feel to our popular content-rich site.

- Developed a proactive relationship with Wikipedia, as part of our growing online presence. By having the permanent records of the Federal Government available through Wikipedia, we hope to reach children, genealogists, educators, researchers, and members of the public who may never have come to the National Archives or seen our website to view our holdings.

- Committed to making NARA facilities as environmentally friendly as possible. Last year's White House *Lean, Clean, and Green Award* recognized our significant steps in making NARA energy efficient. With further new initiatives, we strive to make NARA an environmental sustainability model for other Federal agencies.

We also made strides in ensuring that our resources are well managed with the proper oversight. I can provide reasonable assurance that the performance data in this report is reliable and complete. I am also able to provide a qualified statement of assurance that, with the exception of six material weaknesses—holdings protection, information security, inventory control over artifacts in the Presidential Libraries, archival records preservation, and traditional records processing, and overstatement of prior year unfilled customer orders—NARA's internal controls are achieving their intended objectives, as defined by the OMB Circular A-123. This assessment is based on results of audits and evaluations conducted by the Government Accountability Office (GAO), NARA's Office of Inspector General (OIG), management control evaluations, and other written evaluations conducted in each of NARA's offices and staff organizations. It is also based on executive leaders and management's knowledge of the daily operations of NARA programs and systems. Finally, I have also relied upon the advice of our Inspector General concerning this statement of assurance.

To address our material weaknesses, NARA staff created and will implement individual action plans. Additional details on these action plans, as well as progress made during FY 2011, are found in our Federal Managers' Financial Integrity Act (FMFIA) report located in the appendix.

NARA looks forward to reporting further progress to the Nation and our partners as we strive to effectively achieve our mission and work to ensure that the citizens of our country are free to inspect, use, and learn from the records of the Government. Over the next several years, as NARA staff work interactively to transform the agency to better serve the citizens, we hope to further engage you in the conversation.

David S. Ferriero
Archivist of the United States

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Kathleen Lietzau (Foundation) talks with a visitor about membership. (Photo by Earl McDonald)

SECTION 1
MANAGEMENT'S DISCUSSION AND ANALYSIS

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, in accordance with the Reports Consolidation Act of 2000 and mandated by the Accountability of Tax Dollars Act of 2002, and covers activities from October 1, 2010, through September 30, 2011.

How to Use This Report

This report has four major sections:

- **Management's Discussion and Analysis**

  Look here for the highlights of our agency-wide performance and use of resources in FY 2011. You also will find information on the strategies we use to achieve our goals and the management challenges and external factors that affected our performance.

- **Performance Section**

  Look here for details on our performance by strategic goal and long-range performance targets in FY 2011. 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. Also included are information on evaluation of NARA programs and our evaluation of Federal agency compliance with Federal Records Management policy. 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/*.

- **Financial Section**

  Look here for our FY 2011 audited consolidated financial statements and notes, required supplementary information, and the reports from our independent financial auditor and our Inspector General.

- **Other Accompanying Information**

  Look here for our Inspector General's assessment of our agency's management challenges and our Financial Manager's Financial Integrity Act (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.

Kara Evans and Lauren Hays re-shelve boxes in the stacks at the National Archives at Kansas City.

Our Strategic Goals

NARA's strategic goals are set forth in our 10-year Strategic Plan, updated in September 2009, and covering the period FY 2010 through FY 2016. This 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, education, and grants programs.

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

NARA's Transformation

To meet the President's call to reorganize government to give the people "a government that's more competent and more efficient," we are working to reinvent ourselves to meet the demands of the digital age. NARA began a major transformation during FY 2011, which will take several years to complete. Part of that transformation includes a restructuring of the organization to better serve the American people and the Government, with an emphasis on living the principles of Open Government—transparency, participation, and collaboration. To effect these changes, we needed to clarify our values as an organization:

- We are a diverse staff unified by our strong commitment to protect records, help people use them, and support an open and responsive government.
- We want to do our personal best and make our agency the world's best archives.
- We believe in:
    - **An open, inclusive work environment** —built upon respect, communications, integrity, and collaborative team work.
    - **Encouraging creativity and investing in innovation**—to build our future
    - **Pursuit of excellence through continuous learning** —becoming smarter all the time about what we know and what we do in service to others.

We commit to these values as the path to achieving NARA's six Transformational outcomes. These six transformations must be achieved in the next five years to meet the challenges of the future, improve performance and management, and better serve the American people.

- *One NARA*—We will work as one NARA, not just as component parts.
- *Out in Front* – We will embrace the primacy of electronic information in all facets of our work and position NARA to lead accordingly.
- *An Agency of Leaders* – We will foster a culture of leadership, not just as a position but as the way we all conduct our work.

- *A Great Place to Work.* – We will transform NARA into a great place to work through trust and empowerment of all of our people, the agency's most vital resource.
- *A Customer-Focused Organization.* – We will create structures and processes to allow our staff to more effectively meet the needs of our customers.
- *An Open NARA.* – We will open our organizational boundaries to learn from others.

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 the Office of Government Information Services (OGIS), 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 *Archives.gov*, commenting on regulations at the Government-wide site *Regulations.gov*, searching online databases of records and information, interacting with us through a growing suite of social media sites, or engaging in a host of other activities through *Archives.gov*. We continue to encourage this trend, by adding online services and fully embracing open government through a wide range of initiatives.
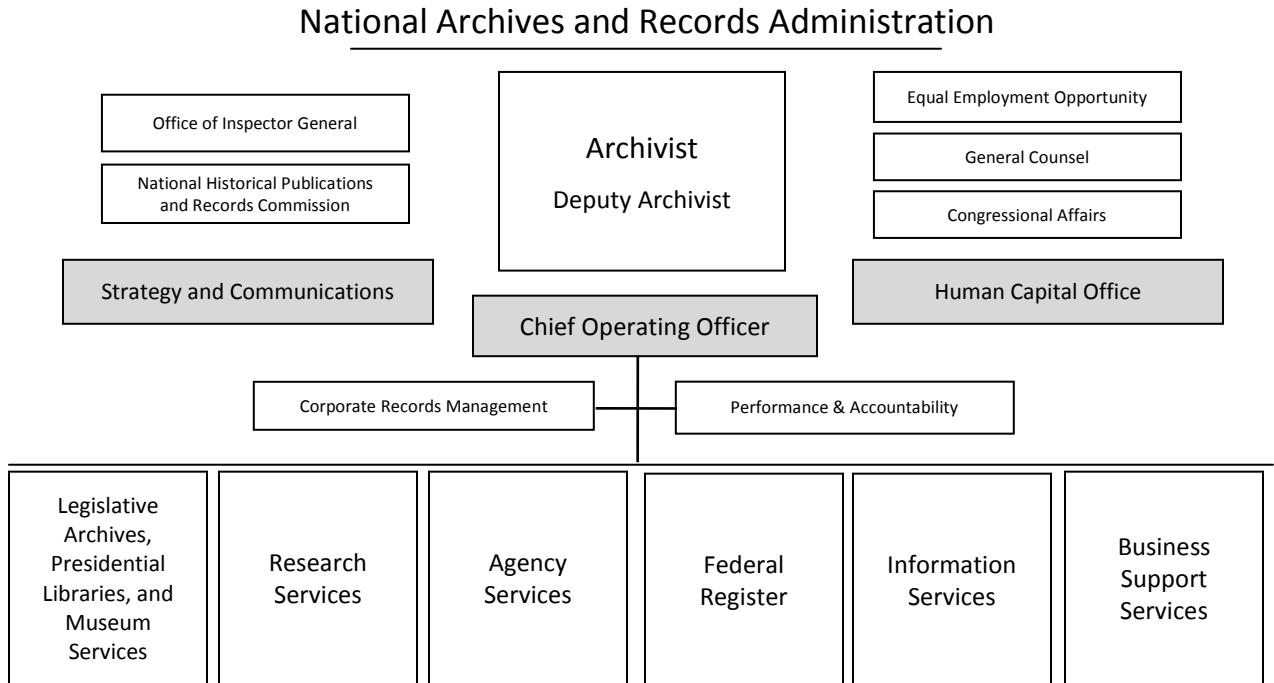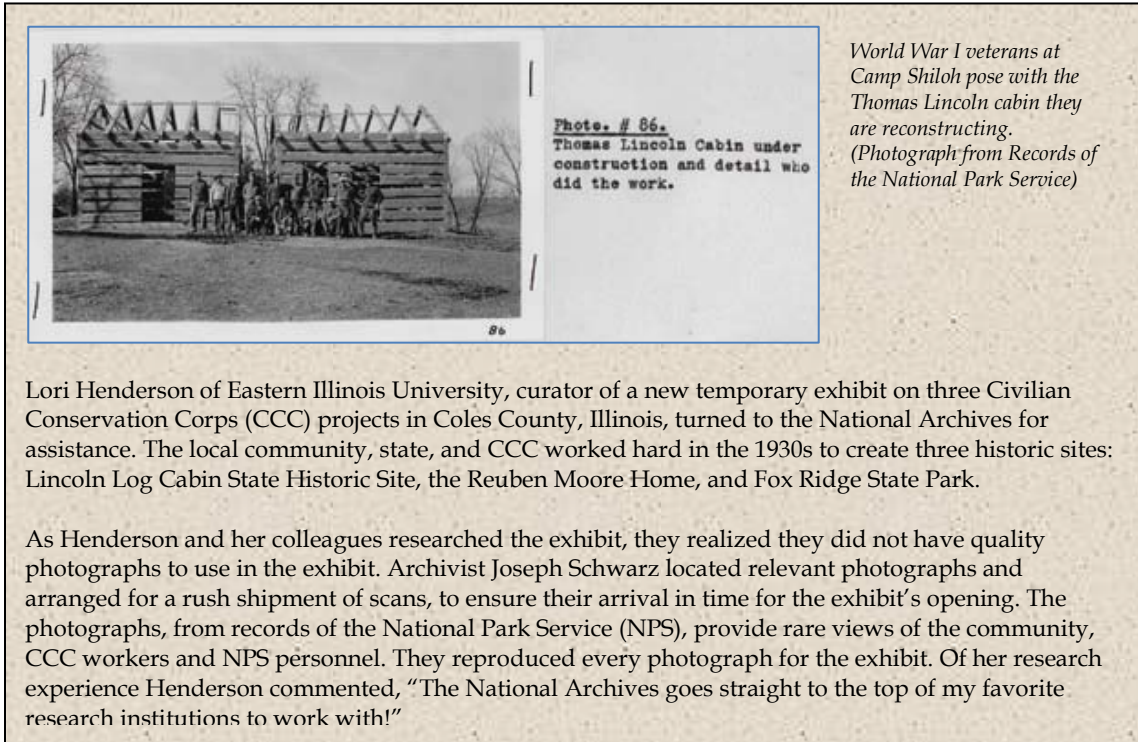
National Archives and Records Administration

Figure 1. NARA's Organization Chart (as of September 30, 2011)

Management's Discussion and Analysis

World War I veterans at Camp Shiloh pose with the Thomas Lincoln cabin they are reconstructing. (Photograph from Records of the National Park Service)

Lori Henderson of Eastern Illinois University, curator of a new temporary exhibit on three Civilian Conservation Corps (CCC) projects in Coles County, Illinois, turned to the National Archives for assistance. The local community, state, and CCC worked hard in the 1930s to create three historic sites: Lincoln Log Cabin State Historic Site, the Reuben Moore Home, and Fox Ridge State Park.

As Henderson and her colleagues researched the exhibit, they realized they did not have quality photographs to use in the exhibit. Archivist Joseph Schwarz located relevant photographs and arranged for a rush shipment of scans, to ensure their arrival in time for the exhibit's opening. The photographs, from records of the National Park Service (NPS), provide rare views of the community, CCC workers and NPS personnel. They reproduced every photograph for the exhibit. Of her research experience Henderson commented, "The National Archives goes straight to the top of my favorite research institutions to work with!"

Personnel on Board*

All funds as of September 30, 2011	Washington, DC, Area			Other NARA Locations			Nationwide Total		
Programs	Full—Time Perm	Other	Total	Full—Time Perm	Other	Total	Full—Time Perm	Other	Total
Presidential Libraries	30	2	32	393	82	475	423	84	507
Legislative Archives, Presidential Materials, & Public Programs	91	13	104	13	1	14	104	14	118
Research Services	612	108	720	159	46	205	771	154	925
Agency Services	402	18	420	1,135	305	1,440	1,537	323	1,860
Electronic Records Archives	44	0	44	2	5	7	46	5	51
Federal Register	82	0	82	0	0	0	82	0	82
Office of Inspector General	31	0	31	0	0	0	31	0	31
Total	**1,292**	**141**	**1,433**	**1,702**	**439**	**2,141**	**2,994**	**580**	**3,574**

* Admin Staff distributed across Program Offices

An Overview of the Challenges Facing NARA

The citizens of the United States depend on the work the National Archives and Records Administration does to protect and preserve records that document their rights as citizens and the work of Government. Not all citizens may realize that NARA exists, but they assume someone is protecting the Government's records for their use when needed. NARA's customers represent a diverse group of people from various backgrounds, cultures, and disciplines; and they trust that the records we maintain are authentic, available, and accessible to serve a broad spectrum of needs.

Never before has NARA's work been more important. At a time when distrust and anger with the workings of Government are daily fodder for news stories, NARA's ongoing commitment to a culture of openness and putting the customer at the center of its efforts is hopefully seen as a ray of hope by the people it serves. During the last year, NARA began a process of transformation that will result in an organization realigned to focus even more on the customer. The new organization brings together like services across the country for the first time in a new configuration that reduces redundancy, is more efficient, and is designed to improve the user experience.

Archivist Glenn Longacre shows the visiting delegates and Douglas Bicknese a court document written by Abraham Lincoln when he was an attorney. (Photo by Katie Dishman)

As we better understand our customers' needs through new perspectives afforded us by a realigned organization, we increasingly seek opportunities to communicate more efficiently and effectively with the public—to learn from our customers—to help us more effectively deliver records they need. Government agencies also depend on NARA's records management assistance and guidance to help them more effectively carry out their missions and to ensure that permanently valuable agency records are identified and transferred to NARA's legal custody and protection.

As the volume of the Government's records continues to grow and the electronic formats in which records are created continue to proliferate, the challenges we face to achieve our core goals increase. Below are our most pressing challenges:

- Two high profile thefts in the last year point to a continuing need for vigilance in protecting our holdings, balancing the need for access to the holdings with the need to secure them. As the variety of media we protect changes, we must constantly adapt our understanding of how to best secure information, protect the integrity of the content, and ensure that any restrictions on use are properly honored so that the records may be used promptly and easily now and in the future.

- We must identify and address the deficiencies that compromise effective records management across the Federal Government. 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 records challenges. We face new kinds of records management issues raised by this continued growth and dependence on an electronic Government. To fulfill our leadership role in the electronic records environment, NARA is transforming from an agency focused on the management of paper to one focused on the management of information in a variety of electronic formats.

Jenny Dubin-Rhodin works on filing records at the National Archives at New York. (Photo by NY Archives staff)

- We must tackle storage and space issues that challenge us in housing and preserving historically valuable records transferred to our custody. The preservation challenges that are a fact of life in an archival institution also are growing more complex, so we face new facility and technological challenges in preserving paper, electronic, special media, and artifacts. While we search for solutions to complex challenges, we must also serve the daily needs of the Federal Government and the public. NARA plays a unique role in the safe, secure operation of our government and in preserving our democratic ideals. We cannot slow or stop our daily work to wait for longer term solutions.

- With NARA's Electronic Records Archives (ERA) system moving into its O&M phase on October 1, 2011, we must work closely with agencies to expand their use of ERA. We must listen carefully to our customers to learn how to best evolve ERA for the future.

- We must lead the National Declassification Center and work with other equity agencies to streamline the review and declassification of records more than 25 years old under Executive Order 13526 and ensure that declassified records are released to the public as soon as possible. We must meet the 2013 deadline to address referrals and quality assurance problems to permit public access to the more than 380 million pages of archival holdings previously subject to automatic declassification.

Some challenges are easily overcome and an organization can move on to the next one. Others require longer term solutions, or will remain through the life of the organization. In an appendix, NARA's Inspector General has identified ten challenges that reflect the themes identified by NARA management.

Performance Highlights

Using the National Archives and Records Administration in FY 2011

Every day, thousands of people use NARA's records and services in multiple ways. Among these people are educators and their students at all levels, a history-minded public, veterans and their families, family historians, the media, the archival community, Federal employees and the Congress, and a broad spectrum of professional associations and researchers in fields that include political science, law, history, library and information services, and genealogy. The following table displays some of the ways our users interacted with NARA in FY 2011.

	Researcher Visits	Written Requests	Public Program Attendees	Exhibit/ Museum Visitors	Online Visits
Federal Register	–	277	163	–	318,004,054*
Legislative Archives	–	803	–	–	–
National Personnel Records Center	2,064	1,218,209	406	0	–
Nationwide Records Mgmt Training	–	–	6,172	–	–
National Archives at Anchorage	819	333	746	0	–
National Archives at Atlanta	3,628	2,871	7,640	5,909	–
National Archives at Boston	3,979	2,312	3,191	1,319	–
National Archives at Chicago	2,231	4,086	1,594	1,883	–
National Archives at College Park	48,297	22,117	1,759	0	–
National Archives at Denver	3,249	394	1,789	0	–
National Archives at Fort Worth	4,191	3,241	18,295	0	–
National Archives at Kansas City	2,572	3,722	8,073	14,774	–
National Archives at New York	4,372	3,456	5,559	0	–
National Archives at Philadelphia	3,628	1,421	7,245	159	–
National Archives at Pittsfield	2,462	725	2,250	16	–
National Archives at Riverside	2,250	3,502	8,093	0	–
National Archives at San Bruno	2,782	2,949	870	334	–
National Archives at Seattle	2,804	1,322	1,665	156	–
National Archives at Washington	29,142	6,526	**52,335	1,044,103	–
Totals	**118,470**	**1,278,266**	**127,845**	**1,068,653**	**–**
Presidential Libraries					
Hoover	358	1,143	21,922	44,886	279,440
Roosevelt	1,193	2,055	22,034	93,332	***270,344
Truman	676	2,423	37,874	63,364	2,497,036
Eisenhower	1,352	2,724	36,827	172,756	752,568
Kennedy	1,305	3,803	61,227	219,341	2,861,053
Johnson	1,463	2,883	20,263	257,590	1,263,761
Nixon	1,139	782	15,866	81,738	1,175,539
Ford	715	1,118	143,417	218,167	1,246,361
Carter	907	801	15,241	49,756	995,051
Reagan	957	507	46,623	367,506	1,391,409
Bush 41	747	1,374	144,895	120,346	606,993
Clinton	151	1,331	181,238	291,471	547,709
Bush 43	–	1,457	0	0	797,934
Presidential Library Other****	–	136	–	–	5,120
Presidential Libraries Total	**10,963**	**22,537**	**747,427**	**1,980,253**	**14,690,318**
Archives.gov	–	–	–	–	17,340,754
Our Documents.gov	–	–	–	–	1,569,277
GRAND TOTAL	**129,433**	**1,300,803**	**875,272**	**3,048,906**	**33,600,349**

* Measurement methodology for counting *Online Visits* for *Federal Register* documents differs from other *Online Visits* counts. *Federal Register* Online Visits are not included in table totals.
** *Public Programs Attendees* for the National Archives at Washington includes all Washington, DC, area programs.
*** *Online Visits* for Roosevelt Presidential Library does not include visits to the online digital archives segment of their website.
**** *Presidential Library Other* covers general requests to the Office of Presidential Libraries and Presidential Materials Staff, and visits to Clinton websites hosted centrally.

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 2011 performance. Highlights of some of this year's major accomplishments under each strategic goal follow the chart.

Snapshot of 2011 Performance

Strategic Goal 1: Managing the Government's Records
Results: We met 1 out of 2 performance measures (1.2 and 1.4 not measured this year)

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 2016, 50 percent of agencies achieve passing scores for compliance with Federal records management policy. 1.2: By 2012, 90 percent of customers are highly satisfied with NARA records management services. 1.3: By 2016, records management transactions serviced by the Federal Records Centers Program grow by 6 percent. 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.							
Performance Indicator	**2006 Actual**	**2007 Actual**	**2008 Actual**	**2009 Actual**	**2010 Actual**	*2011 Target*	**2011 Actual**
Percent of agencies achieving a passing score for compliance with Federal records management policy	–	–	–	22	6	*15*	10
Percent of Federal agency customers that are highly satisfied with NARA records management services	78	81	–	81	–	–	–
Percentage point growth in records management transactions in the Federal Records Centers	–	–	–	–	2.3	*1*	1.6
High Priority Measure: Percent of requests for military personnel records answered in 10 working days or less (target 85 percent by 2012)	61	59	72	70	70	*85*	77

In September 2011, before the General Assembly of the United Nations, President Obama reported on the United States National Action Plan for the International Open Government Partnership. The Plan states that "The backbone of a transparent and accountable government is strong records management that documents the decisions and actions of the Federal Government." Good government cannot be held accountable if it does not preserve—and cannot find—its records. The exponential growth of electronic records poses multiple challenges. NARA has been working with determination to provide leadership in finding in solving the Federal Government's records management challenges.

As part of NARA's transformation, we established the first Chief Records Officer (CRO) for the U.S. Government to lead records management throughout the Federal Government, especially with regard to electronic records management. The new CRO

organization reinvigorates the service components related to electronic records
management and establishes an inspection function that had not been in place at NARA.
In addition, a new policy analysis and enforcement team within the CRO's organization
conducts records management oversight and analysis activities of Federal agencies'
records management programs. Also, a permanent records capture team has the
responsibility of working with Federal agencies to identify gaps in accessioning and
bring into the National Archives the permanently valuable records of the Federal
Government, with an emphasis on permanently valuable electronic records.

We continued our program for annual
agency self-assessments of Federal
records management programs,
targeted inspections by NARA staff,
and reporting standards for making
public our findings. We conducted
our third annual self-assessment in FY
2011, reaching 247 cabinet-level
Federal agencies and their
components, and independent
agencies, for an 89 percent agency
participation rate. The report will be
issued in early FY 2012. Initial results
indicate only 10 percent of Federal
agencies fall into the low risk category
for records management. The 2010
report *Records Management Self-
Assessment 2010: An Assessment of
Records Management Programs in the
Federal Government* can be found at
http://www.archives.gov/records-
mgmt/pdf/rm-self-assessmemt.pdf.
The results of each year's assessment
are used to identify key areas to target
for inspection.

As part of our oversight
responsibilities, we continued our
inspection initiated in 2010 with the
Office of the Secretary of Defense
(OSD). We approved OSD's action
plan and provided advice on
implementation of their plan.   We also
continued our work with the National
Geospatial-Intelligence Agency (NGA)

For five school years the National Archives at
Philadelphia has partnered with Constitution High
School in Philadelphia. From its beginning in 2005-06,
the school has made NARA's archival research facility
and holdings, education offerings (teacher and
students) and the National History Day (NHD)
Philadelphia program an integral part of the
curriculum for each student. The NHD Philly program
is a collaboration among 40 cultural partners and is led
by NARA at Philadelphia. The school is the only public
school in Philadelphia that has made *Historiography* (the
study of history) a core requirement. Every
Constitution High School student has performed at
least one NARA rotation and multiple rotations
through NHD Philly. The partnership with
Constitution High School is an exceptional fit for
NARA because the school's core belief mirrors the way
the agency supports community and national education
initiatives in its operations across the country.

*Constitution High School 2011 First Place Performance winners at
NHD Philly Regional Competition (Project: La Armistad). (Photo
courtesy NHD Philly)*

component responsible for the preparation of mapping products, and extended that
oversight to 20 offices in three regional areas.

We continued with enhancements to the Archives and Records Center Information
System (ARCIS), NARA's online portal through which agencies conduct business with

our Federal Records Centers. We developed functionality of the customer portal with the addition of records transfer capability, user administration, and agency controlled user access. With the deployment of ARCIS throughout the regions, our customers are able to submit electronic reference requests. Housing and Urban Development (HUD) began submitting reference requests through an automated process that requires no human data entry, saving NARA and HUD hundreds of hours of staff time that used to be spent on this exchange. We continue to improve the capabilities of this system to enhance the user experience.

Timely responses to requests from our customers are important to NARA. Our National Personnel Records Center (NPRC) responds to more than one million written requests each year from former members of the military services, various Federal, state, and local government agencies, historians, genealogists, researchers and other requesters. Improved response time for requests for military personnel records is an agency high priority goal for NARA. Despite our best efforts, we failed to achieve our target of

Staff and visitors were greeted to welcome banners at the front entrance of the National Personnel Records Center in St. Louis.

85 percent of military personnel records responded to within 10 working days. Instead, we responded to 77 percent within 10 working days, achieving a new high percentage in a year in which we moved to a new facility. A continuing challenge is reconstructing service records from World War II and Korean War records that were lost or damaged in a 1973 fire in St. Louis. We rebuild these records from other sources upon request, but it is a time-intensive effort, often taking months to reconstruct a single record. If we look at only our responsiveness to military separation requests (DD-214s), we answered 93 percent in 10 working days or less.

After monitoring usage trends in our public research rooms in our Federal Records Centers, we decided to close 12 rooms at the end of FY 2011. Since we are no longer receiving new transfers of bankruptcy case files from courts because of electronic filing, usage of these rooms had declined. Where space was shared with public research of archival records, those rooms remain open to public research.

Strategic Goal 2: Preserve and Process the Nation's Records
Results: We met 3 out of 7 performance measures.

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 programs earn high scores from ISOO.
2.4: By 2016, NARA archival holdings of 25-years-old or older records are declassified, exempted, or referred under the provisions of Executive Order 13526.
2.5: By 2016, 100 percent of archival holdings are stored in appropriate space.
2.6: By 2014, 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	2006 Actual	2007 Actual	2008 Actual	2009 Actual	2010 Actual	*2011 Target*	2011 Actual
Percent of transfers of targeted archival records received at the scheduled time	–	–	40	21	27	*40*	20
Percent of archival holdings that have been processed to the point where researchers can have efficient access to them	–	21	30	41	47	*55*	53
Percent of agency declassification reviews that receive high scores as assessed by ISOO	–	–	36	53	67	*80*	81
Number of pages completing quality assurance for declassification processing (in millions) since January 1, 2010	–	–	–	–	–	*100*	108
Annual number Presidential pages scanned (in thousands)	506	512	519	545	531	*500*	831
High Priority Measure: Percent of NARA archival holdings in appropriate space (target 85 percent by 2012)	57	80	73	70	71	–	78
High Priority Measure: Percent of NARA records center holdings in appropriate space (target 85 percent by 2012)	–	–	–	–	62	–	67
Percent of archival holdings that require preservation action	–	65	65	65	64	≤ 65	62

Our commitment to ensuring access to the records of our nation depends heavily on getting the records transferred from agencies to NARA on schedule. Without the proper identification, schedule, disposition, and transfer of these important records to the National Archives, the Federal Government is vulnerable to losing these records. NARA works closely with agencies to get more of their high value records transferred on schedule, or even ahead of schedule, as in the case of some electronic records. We set a target to bring in 40 percent of selected records on schedule; we received 20 percent on schedule. We found that the increased communication with agencies resulted in more records transferred to NARA, just not necessarily the ones we had specified for the agencies to send. We expect to see some improvement in bringing in targeted records as more agencies adopt use of our Electronic Records Archives (ERA) system, which will be mandatory for agencies by the end of FY 2012.
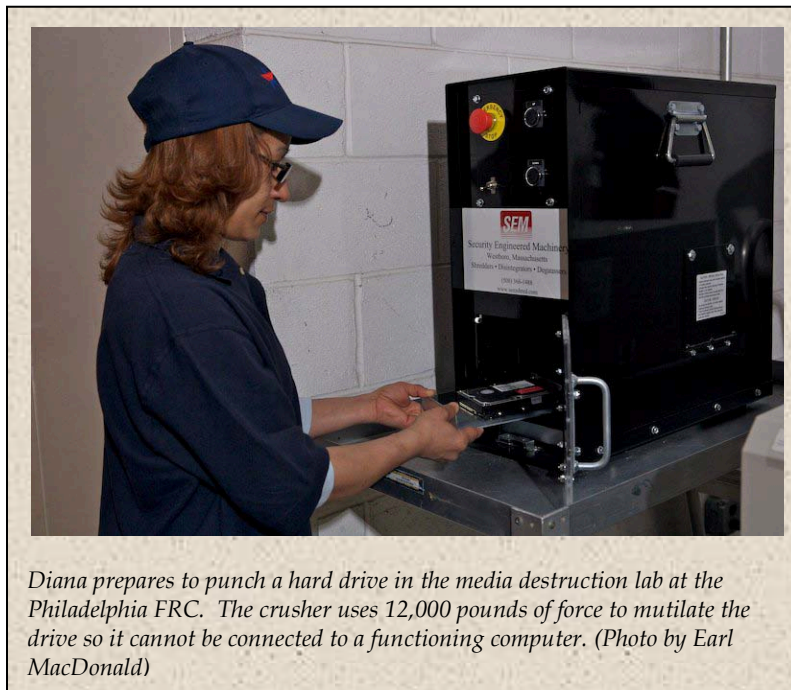
We continue to aggressively address our backlog of unprocessed records. Archival processing involves a series of steps that establish physical and intellectual control of records and culminates in describing records in our online catalog, making them easier and faster to locate for research. Although the percent of processed records has improved from 30 percent in FY 2008 to 53 percent in FY 2011, the processing backlog of textual and audiovisual records has grown over the decades. In addition, new processing challenges have arisen with the increasing number of electronic records accessions and the loss of

veteran staff due to retirement. To address the waning skilled staff, we have hired a second cadre of new entry-level archivists. These archivists participate in developmental training to gain institutional and archival knowledge unique to NARA so that they are prepared to help with many of our challenges, including records processing.

Diana prepares to punch a hard drive in the media destruction lab at the Philadelphia FRC. The crusher uses 12,000 pounds of force to mutilate the drive so it cannot be connected to a functioning computer. (Photo by Earl MacDonald)

The processing of Presidential records differs from processing Federal records because of requirements in the *Deeds of Gift,* the *Presidential Recordings and Materials Preservation Act*, and the *Presidential Records Act*. These legal authorities require NARA to conduct a page-by-page review of Presidential records, which has a significant impact on the volume of records that NARA releases to the public. To this end, we continue to make steady progress in the processing of our backlog of records. For classified materials in the Presidential Library system, we continued our partnership with the Central Intelligence Agency (CIA) through our Remote Archives Capture (RAC) project. We met our target by scanning more than 831,000 pages of classified Presidential records eligible for declassification, breaking the record for the highest annual pages scanned for this project.

Since the issuance of Executive Order 13526, which directed NARA to establish and lead a National Declassification Center (NDC), we have been working diligently to promote collaboration among agencies to expedite the review and declassification of 25-year old and older classified records. We have improved our metrics and data analysis and reassessed our January 1, 2010, backlog number from an estimated 400 million pages to about 386 million pages. We performed end-to-end tracking on the new backlog, with 108 million pages completing the quality assurance process since January 1, 2010. Our biggest challenge continues to be our work with agency partners and the Department of Energy to address the page-level review mandated for all documents lacking Kyl-Lott

certification for the identification of Restricted Data/Formerly Restricted Data.   The lack of proper documentation affects nearly half of the remaining backlog. We continue to identify collaborative approaches to address this problem.

NARA has an inventory of 16 NARA-owned buildings—the National Archives Building, the National Archives at College Park, 13 Presidential Libraries and Museums, and the National Archives at Atlanta. We identified appropriate storage of archival and non-archival holdings as two of NARA's high priority performance goals. Appropriate storage space is the most fundamental component in achieving our mission to safeguard and preserve the records of the Federal Government.

Construction of the new National Personnel Records Center (NPRC) building in St. Louis, MO, designed to house more than two million cubic feet of permanent and archival records in fully compliant space, was completed in early FY 2011. This building replaced the old NPRC, also in St. Louis, MO. The old NPRC was the largest operation outside the Washington, DC, area with facilities that did not meet our storage standards for temporary or archival records. We were plagued with numerous facility problems that could not cost effectively be resolved to meet

"Bitter Cold, Bitter Fight, ca. 12/1950," Korean War (Photo from Records of U.S. Air Force Commands, Activities, and Organizations, ARC ID 542210)

The road to securing veteran military entitlements can be complicated for veterans and their families. The family of a terminally ill 81-year-old Korean War veteran kept hitting roadblocks in its attempts to locate the necessary documents needed to obtain medical care and other entitlements.

In Spring 2011, the veteran was being denied access to medical care because he needed a copy of his Form DD 214, which was destroyed in the 1973 fire at the National Personnel Records Center (NPRC) in St. Louis. The veteran's family turned to Congressman Ron Paul's (Texas) office for assistance. His staff submitted an emergency medical request to the NPRC on the veteran's behalf. Within hours, Archives Technician Qiana Scruggs created a Certification of Military Service using alternative documents. After this certificate was issued, the veteran was admitted to a Texas medical center where he received the care he needed.

storage standards. The new building will house approximately 9 billion textual, digital, and microfilm records of the military and civilian personnel files, providing space that meets storage standards for the records once they have all been moved into their new home.

The renovation of the aging Franklin D. Roosevelt Library will provide environmentally appropriate, safe, and secure space for the long-term care of archival and artifact collections. The renovation also improves conditions for the staff, researchers, and visitors and helps to increase productivity and satisfaction of the facility as a place for work and research. We made slower than expected progress on the design work for a second phase of renovations of the aging Franklin D. Roosevelt Library. The first phase is scheduled for completion in early FY 2012.

NARA's mission is rooted in preserving and providing access to the permanent records of the Federal Government—now, and in the future. About 62 percent of NARA's textual and non-textual records are at risk of not being preserved and available for future generations.   This is clearly unacceptable and we are in a race against time. We consistently examine our holdings to assess their preservation needs, provide storage conditions that retard deterioration, and treat, duplicate or reformat records at high risk for loss or deterioration. As noted earlier, storing records in appropriate space in the most fundamental step we can take to preserve records. In FY 2011, we treated and removed about 96,000 cubic feet of at-risk holdings from our preservation backlog. This was our highest rate of progress since we began measurement against our backlog. We completed work on more than 2,900 cubic feet of special media, performed holdings maintenance work, and transferred a large amount of our at-risk records to offsite cold storage.

Strategic Goal 3: Managing Electronic Records
Results: We met 2 out of 2 performance measures (1 measure under development).

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 archival electronic records through Electronic Records Archives (ERA) decreases each year.							
Performance Indicator	**2006 Actual**	**2007 Actual**	**2008 Actual**	**2009 Actual**	**2010 Actual**	**2011** *Target*	**2011 Actual**
Percent of archival electronic accessions processed	80	81	86	88	88	*83*	83
Per megabyte cost of managing electronic records decreases each year	$0.43	$0.37	$0.39	$0.36	$0.15	<$0.15	$0.12

We must guarantee the continuing accessibility of permanent electronic records of all three branches of our Government despite the fact that the volume, variety, and complexity of records coming to the National Archives is increasing. The goal of our Electronic Records Archives (ERA) is to address this changing environment. We understand that the public expects government information and services to be available online and delivered through their channel of choice. To meet these expectations, our holdings must be preserved, available, and accessible by the public online.

The growth in electronic records has accelerated over the years. With volumes of electronic records transferred to the National Archives at the end of Presidential Administrations, we currently manage 124 terabytes in ERA. We expect this number to increase even more rapidly as agencies migrate to ERA and are mandated to use it for scheduling and transferring their records in FY 2012. We continue to move data from our legacy systems to ERA and expect to complete that process in FY 2013.

Determining when records are at risk of obsolescence is critical to the preservation of records in ERA. In FY 2011, we outlined a more systematic approach for preserving our records and established criteria for prioritizing record formats that require transformation—the move from one format to another that is more lasting. We plan to prepare a more thorough methodology in FY 2012. We developed technical white papers for a number of NARA's most vulnerable records, and will use this information to develop Preservation and Access plans for formats that are most at risk of obsolescence. We implemented the capability to transform NARA's standard EBCDIC records to ASCII and will use the lessons learned for our future long-term preservation efforts.

A major accomplishment, we completed development work on ERA on September 30, 2011. We began an operations and maintenance phase on October 1, 2011, by selecting an O&M contractor to help us ensure the continued operation of the system. The contractor will also help us provide for the system's evolution as we adapt to emerging needs and inevitable changes in technology and software.

In addition, we released a prototype of Online Public Access (OPA), the portal for public access to our holdings and information about our holdings, and we stood up a Classified ERA instance to manage classified electronic holdings.
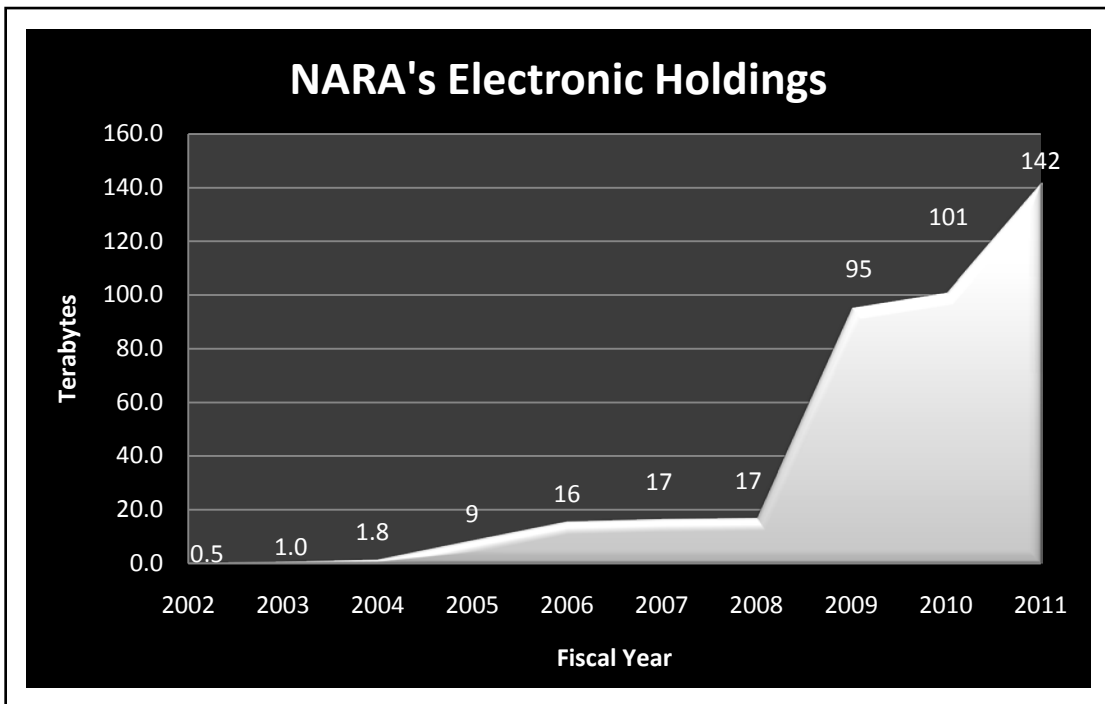
Figure 2. Total Electronic Holdings Managed by NARA

Strategic Goal 4: Providing Access to Records
Results: We met 7 out of 9 performance measures

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 measures).   4.2: By 2012, 1 percent of archival holdings are available online (1 measure).   4.3: By 2016, 95 percent of archival holdings are described in an online catalog (3 measures).   4.4: By 2012, our web sites score at or above the benchmark for excellence as defined for Federal Government web sites (1 measure).

Performance Indicator	2006 Actual	2007 Actual	2008 Actual	2009 Actual	2010 Actual	2011 Target	2011 Actual
Percent of written requests answered within 10 working days.	97	95	94	95	93	94	95
Percent of items requested in our research rooms furnished within 1 hour of request or scheduled pull time.	96	86	93	93	96	94	97
Percent of Freedom of Information Act requests for Federal records completed within 20 working days.	87	88	89	86	89	88	89
Percent of online archival fixed-fee reproduction orders completed in 20 working days or less	84	72	68	90	96	91	96
Percent of traditional archival holdings available online	—	—	0.04	0.04	0.6	0.65	0.8
Percent traditional holdings in an online catalog	51	56	64	70	70	75	71
Percent artifact holdings in an online catalog	57	57	61	74	78	75	78
Percent electronic holdings in an online catalog	98	99	98	95	96	75	96
NARA web sites scores as percent of benchmarked score for other Federal web sites	69	67	66	69	74	75	72

We continually strive to make our holdings accessible to the public as soon as possible. One indication of the quality and interest in the information we provide is the number of visitors to our web sites—nearly 34 million visits in FY 2011. Through partnerships and collaborative efforts, we continue to increase the number of digital records available to the public through our new online public access portal of NARA's nationwide holdings. The new portal delivers the descriptions of 71 percent of our traditional holdings, representing more than 3 million cubic feet of archival records. To date, we have received more than 40 million digital objects from partners.

Our public web site, Archives.gov, got a facelift in early FY 2011 and won the 2011 ClearMark award in the category of public sector dynamic media. We were recognized for clearly identifying key audiences, for having a simple to use site, easy access to top tasks, and a clean look and feel. The redesigned archives.gov gathered input and feedback from users at several stages of the process and used American Customer Satisfaction Index (ACSI) data to measure satisfaction by our customer groups. In this way we are able to continue to monitor satisfaction levels to improve our products.

We have become adept at using social media as a way to communicate and deliver timely information to the public, and we see these efforts as a way to be responsive to the call for open government. In FY 2011, not only did we continue expanding our arsenal of social media and networking tools such as *YouTube, FlickrCommons, Twitter*, and *Facebook,* blogs, wikis, and *IdeaScale,* but we took on new opportunities, becoming one of the first Federal agencies to develop a presence in *Foursquare* and *Tumblr*. Our iTunesU, which received 26,000 views in its first week, provides selected videos, podcasts, lesson plans, and selected archival holdings targeted at educators and students. We also created two challenge projects for mobile phone applications using images from NARA's holdings. These types of projects create opportunities for citizen engagement and interaction with NARA.

We continued to provide outstanding customer service exceeding our FY 2011 targets

In this screen shot from YouTube, Ricky Moe at the National Personnel Records Center explains how to request a record.

in each area. To date, we are exceeding our targets for written requests received from customers answered within 10 working days (95 percent); items requested in our research rooms provided within one hour of the request (97 percent); Freedom of Information Act (FOIA) requests for Federal records completed within 20 working days (89 percent), and online orders completed within 20 working days (96 percent).
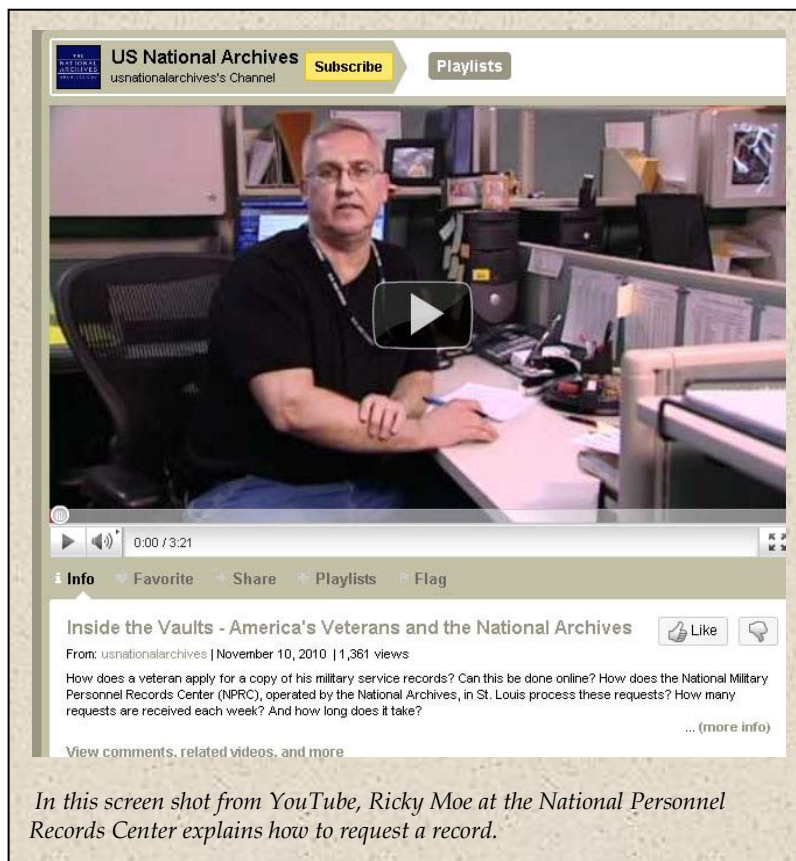
Strategic Goal 5: Increasing Civic Literacy
Results: We met 1 out of 2 performance measures.

Goal 5. We will increase access to our records in ways that further civic literacy in America through our museum, public outreach, education programs, and grant programs.							
5.1: By 2016, 90 percent of NARA's visitors are satisfied with their visit experience. 5.2: By 2016, a minimum of 85 percent of all NHPRC-assisted projects produce the results required, employing rigorous standards and milestones approved by the Commission.							
Performance Indicator	**2006 Actual**	**2007 Actual**	**2008 Actual**	**2009 Actual**	**2010 Actual**	**2011** *Target*	**2011 Actual**
Percent of public program visitors who are highly satisfied with their visit experience	96	96	97	97	99	*86*	99
Percent of NHPRC-assisted grants produce the results required	88	86	81	82	92	*85*	84

The National Archives plays a unique and important role in the promotion of civic literacy. As the nation's recordkeeper, our commitment to safeguarding the documentary record of American history is of paramount importance. Our holdings are

so vast and diverse that the value and amount of information available to the public is not always apparent. Therefore, we engage in a number of activities designed to advance understanding of civic literacy.

Our commitment to civic literacy has always extended beyond the walls of our archival facilities to touch the communities across the country. This year we opened a revolutionary exhibition—*Discovering the Civil War*—where an extensive display of our

Staff at the National Archives at Chicago teach archival research methods to eight middle school teachers at the 2011 Primarily Teaching Summer Institute (Photo by Chicago archives staff)

holdings was assembled to reveal many unknown facts about the Civil War. *Discovering the Civil War* is a two-part exhibition that combined use of our holdings with touch-screen technology incorporating social media to allow visitors to view the war using the latest tools.

DocsTeach, another highly successful open government initiative, is an education web site designed to provide instruction to teachers in the best practices of teaching with primary sources. Using documents in our holdings as teachable resources, *DocsTeach* strongly supports our goal to promote civic literacy. This tool provides all teachers with access to

primary sources, instruction in best practices, and opportunities to interact with teachers across the nation. In addition, teams of NARA education specialists often participate in national conferences and host sessions to introduce documents to educators that extend beyond school text book information. Throughout the year, and across the nation, we provided genealogy workshops, records-based historical presentations pertinent to local communities, and exhibits and document displays.

Our Presidential Libraries continue to host robust museum, education, and public program offerings. The Libraries share a common goal of educating the public about how government works and how Administration policy and programs are developed. We work collaboratively to develop new and exciting ways to reach students, teachers, and everyday visitors to the Presidential Timeline web site. To reach new audiences and disseminate timely information, several Libraries increased their online presence through social media outlets such as *Facebook* and blogs. We continue to educate the public through our exhibits held throughout our Libraries.

In our National Historical Publications and Records Commissions program, we support a wide range of activities to preserve, publish and encourage the use of documentary sources. Our grant program funds projects that promote the preservation and use of America's documentary heritage. In FY 2011, we fell short of our target with 84 percent of all grants successfully producing the

Pat Jones of the United Kingdom had been researching the other descendants of her grandfather for 18 months when she first contacted the National Archives. The eldest son, Frederick, came to America through Ellis Island. After Jones found Frederick in the 1930 Census, she encountered a roadblock due to her unfamiliarity with American resources.

Archivist Rebecca Sharp received Jones's reference request and used the Social Security Death Index to find that one of Frederick's twin sons might still be alive. Sharp additionally encouraged Jones to think "outside the normal routes." Jones used this to locate that son (whose family name the 1930 Census had misspelled) through a telephone directory. They have since shared much genealogical data through the Internet. Jones commented that the help Sharp gave was "invaluable" to her family research.

1930 Census Population Schedule (From Records of the Bureau of the Census)

results required. The NHPRC continues to develop the web resource, *Founders Online*, a multi-year undertaking to place online more than 170,000 historical documents from the nation's Founding Era. When completed in FY 2015, the public will be able to access the full, annotated transcriptions of the papers of John Adams, Benjamin Franklin, Alexander Hamilton, Thomas Jefferson, James Madison, and George Washington. Our principal partner, the University of Virginia, is gathering materials, designing a user-friendly website, and testing it with users. A preliminary version of the website will be available to the public in June 2012.

Strategic Goal 6: Developing our Infrastructure
Results: We met 2 out of 4 performance measures (1 measure under development).

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, 60 percent of NARA's positions are filled within 80 days.
6.4: By 2016, NARA's telework rate is 100 percent of the Federal Government average rate.
6.5: By 2016, public applications are available 99 percent of the time.

Performance Indicator	2006 Actual	2007 Actual	2008 Actual	2009 Actual	*2010 Actual*	*2011 Target*	2011 Actual
Number of underrepresented groups matching respective availability levels in the CLF (out of 7)	2	2	2	2	2	*7*	3
Percent of NARA's positions filled within 80 days	–	–	–	–	12	*40*	9
Percent of NARA's eligible staff participating in the telework program	–	–	–	–	16	*15*	23
Percent of public applications availability	98.9	99.4	99.5	99.5	99.7	*98.86*	99.5

Most significantly, during FY 2011, we began a transformation of the agency, which included a complete restructuring of the organization. A new Human Capital Office was one of the first new offices stood up as part of the Transformation. We believe it is critically important to strategically invest in, develop, and manage NARA's workforce by realigning relevant functions into a Human Capital Office reporting directly to the Archivist. This is a critical step in our transformation process, particularly to the pillars of making NARA "a great place to work" and "an agency of leaders."
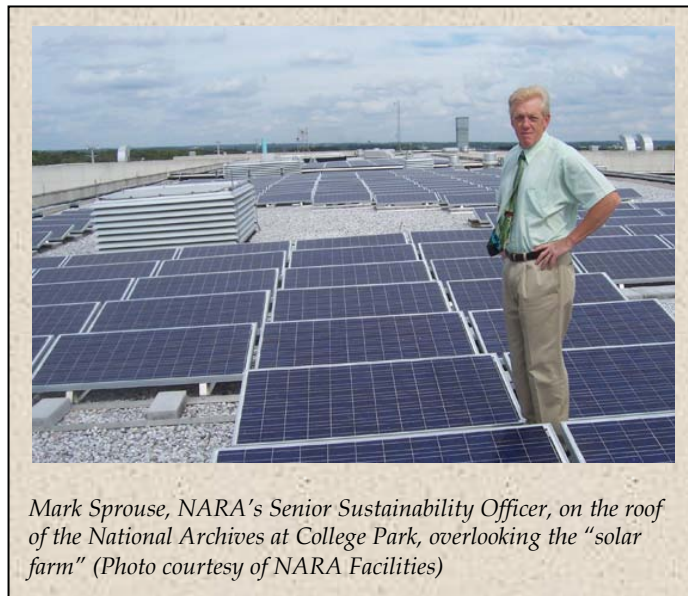
Mark Sprouse, NARA's Senior Sustainability Officer, on the roof of the National Archives at College Park, overlooking the "solar farm" (Photo courtesy of NARA Facilities)

NARA's Strategic Human Capital Plan provides five strategic human capital goals to recruit, develop and strengthen, and retain our human capital resources to achieve mission success. As we implement the strategies and activities to meet these goals, we are monitoring performance results and assessing our human capital programs, decisions, and actions. Using results from annual employee viewpoint surveys, we have developed plans to target identified weaknesses.

Linking Our Budget to Our Objectives

The chart links the major budget functions to each of our long-term objectives.

NARA Goals and Long-Term Objectives	Records & Archives-Related	Electronic Records Archives	Revolving Fund	Trust Fund	NHPRC	Repairs & Restoration
Strategic Goal 1: Our Nation's Record Keeper						
1.1: By 2016, 50 percent of agencies' records management self-assessments received by NARA.	✔					
1.2: By 2012, 90 percent of customers are highly satisfied with NARA records management services.	✔					
1.3: By 2016, records management transactions serviced by the Federal Records Centers Program grow by 6 percent.			✔			
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.	✔					
Strategic Goal 2: Preserve & Process						
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 programs earn high scores from 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 13526.	✔					
2.5: By 2016, 100 percent of archival holdings are stored in appropriate space.	✔					✔
2.6: By 2016, 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.	✔					
Strategic Goal 3: Electronic Records Challenges						
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.	✔	✔				
Strategic Goal 4: Access						
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 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.	✔			✔		

NARA Goals and Long-Term Objectives	Records & Archives-Related	Electronic Records Archives	Revolving Fund	Trust Fund	NHPRC	Repairs & Restoration
Strategic Goal 5: Civic Literacy						
5.1. By 2016, 90 percent of NARA's visitors are satisfied with their visit experience.	✔			✔		
5.2. By 2016, a minimum of 85 percent of all NHPRC-assisted projects produce the results required, employing rigorous standards and milestones approved by the Commission.	✔				✔	
Strategic Goal 6: Infrastructure						
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, 60 percent of NARA's positions are filled within 80 days.	✔	✔	✔	✔		
6.4. By 2016, NARA's telework rate is 100 percent of the Federal Government average rate.	✔	✔	✔	✔		
6.5. By 2016, public network applications are available 99 percent of the time.	✔		✔			

In commemoration of the sesquicentennial of the beginning of the American Civil War, the National Archives hosted a series of activities in the Washington, DC, area and regions. The second part of the *Discovering the Civil War* exhibit opened at the National Archives Building, before the combined 6,000 square foot exhibit began a three year, multi-city tour. The exhibit's hosted 114,498 visitors during its six month run in Washington, DC.

The $3 million interactive exhibit, developed with the support of the Foundation for the National Archives, includes hundreds of records, has a companion book, and features innovative interactive, including a Facebook-like look at Civil War leaders, a graphic novel, and a social media component. This tour also includes a short term exhibition of the Emancipation Proclamation at each venue. At the tour's first stop at The Henry Ford, more than 20,000 people waited in line at least four hours to view one of our nation's cherished documents over a 36-hour period. The attendance at that venue exceeded 250,000 over a four month period. In conjunction, 1,773 people attended more than 20 public programs in Washington, DC, including book talks, film screenings, and a day-long symposium.

A panel at the November 20, 2010, Symposium, The Civil War: Fresh Perspectives, *at the National Archives Building. Pictured are (l to r) James Marten, Thavolia Glymph, J. Matthew Gallman, Amy Murrell Taylor, and Gary W. Gallagher. (Photograph by Earl MacDonald)*

Financial Highlights

The financial statements presented in this report have been prepared from NARA 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 operations are funded through annual, multi-year and no-year appropriations, revenues collected through the Records Center Revolving Fund and the National Archives Trust Fund, and gifts received through the National Archives Gift Fund.

In total, NARA received $733 million in budgetary resources in FY 2011, of which 49 percent were appropriations for Records and Archives Related Services and 26 percent were revenues from Revolving Fund Records Center and Storage Services (see Figure 3). Total budgetary resources include current year funding, spending authority from offsetting collections, recoveries of prior year's unpaid obligations, and unobligated balances carried forward.

FY 2011 Total Budgetary Resources by Program

(in millions)
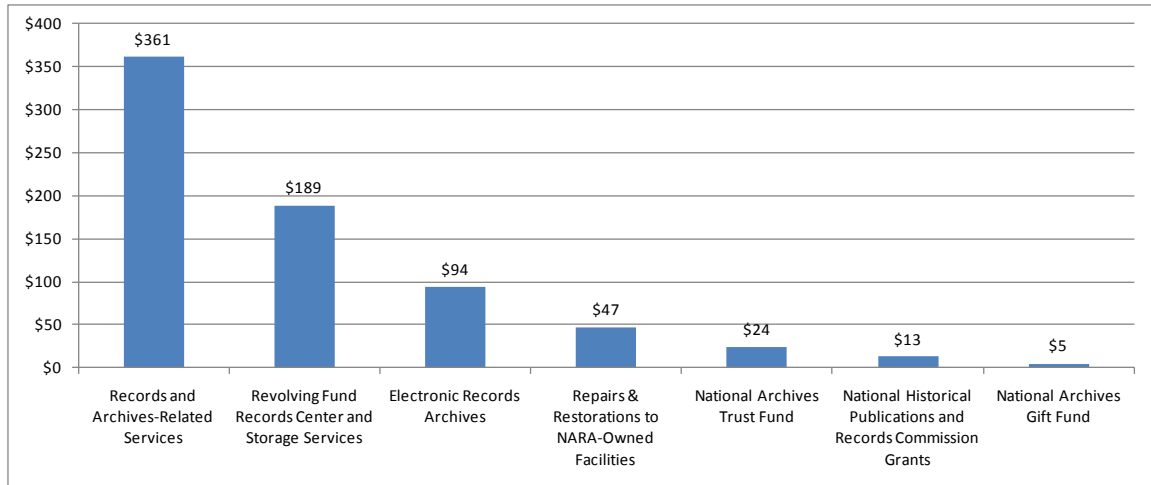
Figure 3. Total Budgetary Resources, FY 2011

Records and Archives-Related Services, NARA Operating Expenses appropriation, provides for the costs of records services, archives-related services, and payments of principal and interest for the financing of the National Archives building at College Park. Records services activities include describing, preserving, and making publicly available the historical records of the Federal Government, including Presidential records, and helping other Federal agencies to fulfill their records management responsibilities. Archives-related services provide for the publication of the daily Federal Register and the Code of Federal Regulations, and satisfy other statutory requirements.

Revolving Fund, Records Center and Storage Services, generates revenue by storing and servicing temporary Federal records on behalf of other Federal agencies, on a cost-reimbursable basis.   The Federal Records Center program stores, references, and ultimately disposes of temporary Federal records for a standard fee. In FY 2011, the Revolving Fund earned revenue of $173 million, after intra-entity eliminations.

Electronic Records Archives appropriation provides for the continued development of the Electronic Records Archives (ERA) information system.

Repairs and Restoration appropriation provides for repair and improvements for NARA-owned facilities and Presidential Libraries nationwide.

National Archives Trust Fund generates revenues through the sale of publications and reproductions of historical documents, museum shop sales, admissions to Presidential libraries, training events, and interest income. Expenditures support inventory replacement, personnel, information systems, and reproduction equipment and supplies. The National Archives Trust Fund earned revenue of $16 million in FY 2011.

National Historical Publications and Records Commission administers grants to preserve and publish historical records of State and local governments and private institutions.

National Archives Gift Fund administers conditional and unconditional gifts and bequests to NARA. Expenditures provide for historical research, archival and cultural events, and other programs which support the archival and records management activities of the National Archives. In FY 2011, the Gift Fund received donations of $1 million.

Audit Results

NARA FY 2011 financial statements were audited by Cotton & Company LLP under contract to the NARA Office of the Inspector General. NARA received an unqualified audit opinion on its FY 2011 and FY 2010 financial statements. The auditors identified a material weakness related to inadequate process of approvals for manual journal entries, as described in Financial Section Note 21, Restatement of FY 2010 Statement of Budgetary Resources.

Limitations of the Financial Statements

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

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 Section 3 - Financial Section. An analysis of the principal statements follows.

Analysis of the Balance Sheet

ASSETS: NARA's assets were $747.3 million as of September 30, 2011. The majority of a decrease of $34.4 million from the end of FY 2010 resulted from a decrease in the Fund balance with Treasury due to reduced funding in FY 11. The assets reported in NARA's balance sheet are summarized in the accompanying table.

Asset Summary (in millions)	FY 2011	FY 2010
Fund balance with Treasury and cash	$ 240.7	$ 284.2
General property, plant, and equipment, net	452.8	444.4
Investments	37.2	36.8
Accounts receivable, net	14.9	14.5
Inventory	1.0	1.0
Other	.7	0.8
Total assets	**$ 747.3**	**$ 781.7**

The fund balance with Treasury and cash represents approximately 32 percent of total assets. Property, plant, and equipment constitute 60 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, 2011, amounted to $258.3 million. A decrease of $23.5 million from the end of FY 2010 is due to the $14 million repayment on the Debt held by the public and a lower accrued liability for payroll and related benefits based on the number of days at FY 2011 year end, shown in Other, below. The liabilities reported in NARA's balance sheet are summarized in the accompanying table.

Liabilities Summary (in millions)	FY 2011	FY 2010
Debt held by the public	$ 166.9	$ 181.0
Accounts payable	54.9	56.4
Federal employees benefits	10.9	11.2
Other	25.6	33.2
Total liabilities	**$ 258.3**	**$ 281.8**

Debt held by the public accounts for approximately 65 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.

Of the total liabilities, the amount of $189.7 million, or 73 percent, is unfunded, i.e., budgetary resources are not yet available as of September 30, 2011. 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 $166.9 million for debt held by the public, $11.6 million for actuarial portion of Federal employee benefits, and $11.2 million for unfunded annual leave.

NET POSITION: The difference between total assets and total liabilities represents net position of $489 million as of September 30, 2011. The net position reported in NARA's balance sheet is summarized in the accompanying table.

Net Position Summary (in millions)	FY 2011	FY 2010
Unexpended appropriations	$ 167.5	$ 196.8
Cumulative results of operations	321.5	303.0
Total net position	**$ 489.0**	**$ 499.8**

Net position is affected by changes in its two components—Cumulative Results of Operations and Unexpended Appropriations. Unexpended appropriations amount is the authority granted by Congress that has not been expended. Cumulative results of operations line reflects funding of capital needs of the agency since NARA's inception and net results of the revolving fund operations. The decrease in net position of $10.8 million from FY 2010 to FY 2011 comprises the increase in cumulative results of operations of $18.5 million and a decrease in unexpended appropriations of $29.3 million. The overall decrease is due mainly to the decrease in budget authority in FY 2011.

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, 2011, is $462.5 million. The increase of $12.4 million in the net cost of operation is due largely to the higher operating costs, such as utilities and rent, a larger portion of software development expenses for the Electronic Records Archives program is in the operations and maintenance phase, and increase in business activity for the Records center storage and services in FY 2011.

Net costs by program are shown in the accompanying table.

Net Cost of Operations (in millions)	FY 2011	FY 2010
Records and Archives-Related Services	$ 397.6	$ 386.2
Trust and gift funds	(1.6)	(1.9)
Electronic records archives	21.0	17.1
National Historical Publications and Records Commission grants	8.4	8.8
Archives facilities and presidential libraries repairs and restoration	25.0	29.5
Records center storage and services	12.1	10.4
Net cost of operations	**462.5**	**$ 450.1**

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 2011, NARA had budgetary resources available of $733

million, a decrease of 4 percent over $766 million in FY 2010. The majority of the decrease resulted from a decrease in funding in FY 2011.

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

During FY 2011, NARA performed the risk assessment required by FY 2011 OMB Circular A-123, APPENDIX C - Improper Payments Information Act of 2002 (IPIA), as amended, and presented the results of the evaluation to the Office of Management and Budget for review and approval. NARA did not identify any programs or activities that may be susceptible to significant improper payments and has determined that payment recapture audits would not be cost-effective at this time.

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. (*See appendix for NARA's FY 2011FMFIA Report.*)

INTEGRITY ACT STATEMENT

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

David S. Ferriero
Archivist of the United States
November 15, 2011
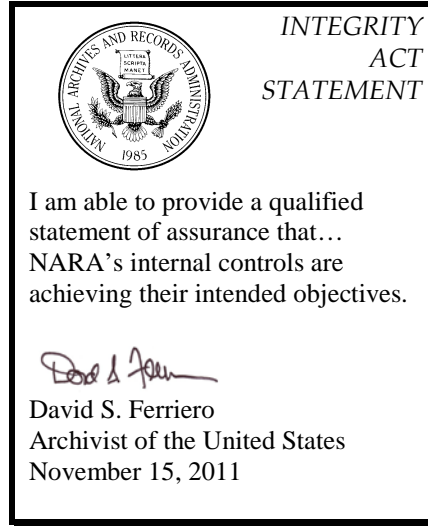
Internal Controls Program

NARA's internal controls worked to ensure the attainment of our mission and FY 2011 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
- Executive and management team 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.

FY 2011 Internal Controls

NARA evaluated its internal control systems for the fiscal year ending September 30, 2011. This evaluation provided reasonable assurance that, except for six material weaknesses, the agency's internal controls achieved their intended objectives. A material weakness in internal controls over financial reporting has been identified this year due to a restatement of the FY 2010 financial statement.

Pursuant to Section 2 of the Integrity Act, we identified a material weakness in our holdings protection program in FY 2001. We have made progress in our actions to remedy the holdings protection weakness and have established a unit, the holdings protection team, dedicated to improving the security of our holdings. In FY 2011 we reassessed our material weakness in information security and determined that work remains to be done specifically in the area of assessing and managing IT risks and closing recommendations. In FY 2008, we declared a material weakness in artifact inventory processes at our Presidential Libraries and continue to reflect this as a material weakness in FY 2011. In FY 2010, we identified material weaknesses in both archival records preservation and traditional records processing and continue to reflect these as material weaknesses in FY 2011. In FY 2011 NARA discovered a material error on its prior year Statement of Budgetary Resources, and restated it for FY 2011. Details on the six material weaknesses are found in our Federal Managers' Financial Integrity Act Report located in the Other Accompanying Information section.

Second-grader Brooklyn Robbins was the one millionth visitor to the National Archives in 2011. Expressing surprise, Brooklyn said this was her first visit to the Archives and a visit she would always remember. (Photo by Cathy Farmer)

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. This year's FISMA submission is required no later than November 15, 2011.

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*, and as such is not required to report separately on its compliance with FFMIA in its FMFIA reports.

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

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.

In addition to the sesquicentennial commemorations in the DC area, NARA's regional archives facilities also hosted significant events. On April 16, 2011, the National Archives at Atlanta hosted a Civil War symposium and Civil War Treasures in Your Nations Attic. Over 250 guests attended the day's activities, including 60 individuals who displayed Civil War-era artifacts and family heirlooms. On July 13, 2011, the National Archives at Philadelphia hosted Salute to Camp William Penn, a program which explored the history and legacy of the camp, the training ground for 11,000 black Civil War soldiers. The Pennsylvania Humanities Council arranged the event, which the Pennsylvania Cable Network taped for broadcast to its 3.3 million subscribers. NARA also worked with regional partners on other Civil War commemoration projects.

Union reenactors present the colors at the opening of "Atlanta's Civil War: America's Long Struggle" symposium. (Photograph by Jason Glover)

NARA Facilities Span the Country

The National Archives administers a nationwide network of facilities, serving both the public and Federal agencies.

Rocky Mountain Region
• Denver, CO

Pacific Alaska Region
• Anchorage, AK
• Seattle, WA

Pacific Region
• Laguna Niguel, CA
• Riverside, CA
• San Francisco
 (San Bruno), CA

Central Plains Region
• Kansas City, MO
• Lee's Summit, MO
• Lenexa, KS
• St. Louis, MO
• Valmeyer, IL

Southwest Region
• Fort Worth, TX

Great Lakes Region
• Chicago, IL
• Dayton, OH

Northeast Region
• Pittsfield, MA
• Boston (Waltham), MA
• New York, NY

Mid-Atlantic Region
• Philadelphia, PA
• Suitland, MD

Headquarters
• College Park, MD
▲ Washington, DC

Southeast Region
• Ellenwood, GA
• Morrow, GA

Presidential Libraries & Museums
⊘ Herbert Hoover Library, West Branch, IA
⊘ Franklin D. Roosevelt Library, Hyde Park, NY
⊘ Harry S. Truman Library, Independence, MO
⊘ Dwight D. Eisenhower Library, Abilene, KS
⊘ John F. Kennedy Library, Boston, MA
⊘ Lyndon B. Johnson Library, Austin, TX
⊘ Richard Nixon Library, Yorba Linda, CA

⊘ Gerald R. Ford Library, Ann Arbor, MI
⊘ Gerald R. Ford Museum, Grand Rapids, MI
⊘ Jimmy Carter Library, Atlanta, GA
⊘ Ronald Reagan Library, Simi Valley, CA
⊘ George Bush Library, College Station, TX
⊘ William J. Clinton Library, Little Rock, AR
⊘ George W. Bush Library, Lewisville, TX
 (future site Dallas, TX)

National Personnel Records Center
Scott Levins, *Director*

National Personnel Records Center (Military and Civilian Records)
1 Archives Drive
St. Louis, MO 63138
314-801-0800

National Personnel Records Center (Civilian Records)
1411 Boulder Boulevard
Valmeyer, IL 62295
618-935-3062

Office of the Federal Register
Suite 700
800 North Capitol Street, NW
Washington, DC 20001
202-741-6000

National Archives at Anchorage
654 West Third Avenue
Anchorage, AK 99501
907-261-7800

National Archives at Atlanta
5780 Jonesboro Road
Morrow, GA 30260
770-968-2100

National Archives at Boston
380 Trapelo Road
Waltham, MA 02452
781-663-0130

National Archives at Chicago
7358 South Pulaski Road
Chicago, IL 60629
773-948-9001

National Archives at College Park
8601 Adelphi Road
College Park, MD 20740
301-837-2000

Denver Federal Records Center
Denver Federal Center,
Building 48
P.O. Box 25307
Denver, CO 80225
303-407-5700

National Archives at Denver
Archival Research Room
Denver Federal Center,
Building 48
P.O. Box 25307
Denver, CO 80225
303-407-5700

Microfilm Research Room
Denver Federal Center,
Building 46
P.O. Box 25307
Denver, CO 80225
303-407-5700

National Archives at Fort Worth
Archival Research Room
1400 John Burgess Drive
Fort Worth, TX 76140
817-551-2000

Microfilm Research Room
2600 West 7th Street, Suite 162
Fort Worth, TX, 76107
817-831-5620

National Archives at Kansas City
400 West Pershing Road
Kansas City, MO 64108
816-268-8000

National Archives at New York City
201 Varick Street, 12th Floor
New York, NY 10014
212-401-1620

National Archives at Philadelphia
900 Market Street
Philadelphia, PA 19107
215-606-0100

National Archives at Riverside
23123 Cajalco Road
Perris, CA 92570
951-956-2000

National Archives at San Francisco
1000 Commodore Drive
San Bruno, CA 94066
650-238-3500

National Archives at Seattle
6125 Sand Point Way NE
Seattle, WA 98115
206-336-5115

National Archives in Washington, DC
700 Pennsylvania Avenue, NW
Washington, DC 20408
202-357-5400

Atlanta Federal Records Center
4712 Southpark Boulevard
Ellenwood, GA 30294
404-736-2820

Boston Federal Records Center
380 Trapelo Road
Waltham, MA 02452
781-663-0130

Chicago Federal Records Center
7358 South Pulaski Road
Chicago, IL 60629
773-948-9001

Dayton Federal Records Center
3150 Springboro Road
Dayton, OH 45439
937-425-0600

Fort Worth Federal Records Center
1400 John Burgess Drive
Fort Worth, TX 76140
817-551-2000

Kansas City Federal Records Center
400 West Pershing Road
Kansas City, MO 64108
816-268-8000

Kingsridge Federal Records Center
8801 Kingsridge Drive
Dayton, OH 45458
937-425-0601

Lee's Summit Federal Records Center
200 Space Center Drive
Lee's Summit, MO 64064
816-268-8100

Lenexa Federal Records Center
17501 West 98th Street, Suites 3150 & 4748
Lenexa, KS 66219
913-563-7600

Philadelphia Federal Records Center
14700 Townsend Road
Philadelphia, PA 19154
215-305-2000

Pittsfield Federal Records Center
10 Conte Drive
Pittsfield, MA 01201
413-236-3600

Riverside Federal Records Center
23123 Cajalco Road
Perris, CA 92570
951-956-2000

San Bruno Federal Records Center
1000 Commodore Drive
San Bruno, CA 94066
650-238-3500

Seattle Federal Records Center
6125 Sand Point Way NE
Seattle, WA 98115
206-336-5128

Washington National Records Center
4205 Suitland Road
Suitland, MD 20746
301-778-1600

Herbert Hoover Library
Thomas Schwartz, *Director*
210 Parkside Drive
P.O. Box 488
West Branch, IA 52358
319-643-5301

Franklin D. Roosevelt Library
Lynn A. Bassanese, *Acting Director*
4079 Albany Post Road
Hyde Park, NY 12538
845-486-7770

Harry S. Truman Library
Michael Devine, *Director*
500 West U.S. Highway 24
Independence, MO 64050
816-268-8200

Dwight D. Eisenhower Library
Karl Weissenbach, *Director*
200 Southeast Fourth Street
Abilene, KS 67410
785-263-6700

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

Lyndon Baines Johnson Library
Mark Updegrove, *Director*
2313 Red River Street
Austin, TX 78705
512-721-0200

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

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

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

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

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

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

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

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

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

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

George W. Bush Library*
Alan C. Lowe, *Director*
1725 Lakepointe Drive
Lewisville, TX 75057
972-353-0545

*The Library is temporarily located in Lewisville, Texas. The permanent Presidential Center, including the archives and museum, will be located on the campus of Southern Methodist University in Dallas, Texas.

Copies of This Report

This report is available on our web site at *www.archives.gov/about/plans-reports/performance-accountability/*. Links are provided to both the full report (Management's Discussion and Analysis [MD&A], Performance and Financial sections, and Other Accompanying Information) as well as the summary report (MD&A and auditor's report). Also located on that page are links to our Strategic Plan, annual performance plans, and past performance reports. We welcome your comments on how we can improve this report for FY 2012. Please e-mail any comments to *performance@nara.gov*.

Other Web Pages of Interest

Reports, Strategic Documents, Messages from the Archivist: Find the latest information regarding our mission, vision, and strategic initiatives.

www.archives.gov/about/

Web 2.0 and Social Media: Interact with NARA staff and visitors on Facebook, YouTube, Twitter, Flickr, NARA blogs, and more.

www.archives.gov/social-media/

Open Government and NARA: Learn how NARA is becoming more transparent, collaborative, and participative. Find high value datasets in XML for free download.

www.archives.gov/open/

The National Archives Experience: Participate in an interactive, educational experience about the power of records in a democracy.

www.archives.gov/national-archives-experience/

Archival Holdings: Find records of interest in Washington, DC, the regional archives, and Presidential libraries.

www.archives.gov/research/search/

Presidential Libraries: Explore the history of our nation through the leaders who helped shape the world.

www.archives.gov/presidential-libraries/

Public Documents: By law, the U.S. Government Printing Office and the Office of the Federal Register at NARA partner to publish and disseminate the official text of Federal laws, Presidential documents, administrative regulations and notices, and descriptions of Federal organizations, programs and activities.

www.federalregister.gov
www.ofr.gov
www.fdsys.gov
www.archives.gov/federal-register/
http://ecfr.gpoaccess.gov

Careers at NARA: Review current job openings and learn how to apply.

www.archives.gov/careers/

Visit NARA: Learn how to prepare for a research visit, about facility hours and locations, and more.

www.archives.gov/research/

Prologue **Magazine:** Keep up to date on NARA activities through its quarterly journal. View selected articles and subscribe online.

www.archives.gov/publications/prologue/

S ECTION 2
PERFORMANCE SECTION

Measuring and Reporting Our Performance

This annual performance report is based on the goals, strategies, and long-range performance objectives set forth in our 2009 Strategic Plan and the annual objectives in our FY 2011 Performance Budget. The following pages detail our performance on our FY 2011 objectives. Checked boxes indicate those we fully achieved. Those we did not fully achieve have open boxes with an explanation below. We also included relevant performance results and trend information. Our budget links to the report's performance goals. We received no aid from non-Federal parties in preparing this report.

Throughout much of FY 2011, NARA has undergone a significant organizational transformation. We have realigned ourselves to establish a greater focus on our customers and improve the way we interact and deliver services to our customers.   We centralized our functions and services to leverage efficiencies and present "*One NARA*" whether staff are located at NARA headquarters in Washington, DC, or in our Presidential Libraries or regional facilities around the country.   All references to NARA organizations in the FY 2011 PAR will reflect the transformed organizational structure.

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

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

Our program management system (PROMT) helps us control the cost and schedule for the Electronic Records Archives (ERA) program and other programs. PROMT integrates several commercial off-the-shelf program management tools in a Windows-based web environment to help us schedule and link project activities, assign resources, collect and report costs, calculate earned value, and analyze impacts and risks to the ERA program.

FY 2011 Performance by Strategic Goal

Strategic Goal 1: Our Nation's Record Keeper

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

Long-Range Performance Targets	1.1 By 2016, 50 percent of agencies achieve passing scores for compliance with Federal records management policy.
	1.2 By 2012, 90 percent of customers are highly satisfied with NARA records management services.
	1.3 By 2016, records management transactions serviced by the Federal Records Centers Program grow by 6 percent.
	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.

1.1 FEDERAL RECORDS MANAGEMENT

FY 2011 Objectives	☐	Agency self-assessment responses meet or exceed 93 percent (the response rate in FY 2010).
	☐	15 percent of agencies achieve a passing score for compliance in targeted areas of Federal records management.
	☑	Conduct one records management inspection based on evaluation of agency self-assessment results.
Results	✓	Eighty-nine percent of agencies responded to the records management self-assessment survey.
	✓	Agencies with passing scores for compliance to targeted areas of Federal records management reached 10 percent.
	✓	We completed an inspection of the transfer of permanent textual mapping products at DoD's National Geospatial-Intelligence Agency (NGA) to NARA.

Discussion   In GAO's FY 2008 report entitled "Federal Records—National Archives and Selected Agencies Need to Strengthen E-Mail Management," GAO recommended that NARA exercise its statutory authority, as defined in the Federal Records Act, and implement oversight mechanisms to ensure that Federal records are not lost or destroyed. In response to the recommendation, we developed a methodology and process for conducting records management oversight activities of Federal agencies and established mechanisms for reporting the results to Congress and OMB. One of these activities is annual online mandatory records management self-assessments by Federal agencies. Our goal is to determine agencies' compliance with records management regulations and guidance and regularly assess the level of risks to their records management programs.

Since FY 2009, we have conducted three self-assessment exercises and achieved a high level of annual participation. Each year we make refinements to improve the reliability and validity of the assessment. The variance in the percentage of agencies responding is related in part to the number of agencies responding to the self-assessment. We make refinements in defining agencies as we gain experience from year to year in managing the assessment.
In FY 2011, we concentrated some of the questions in the survey on how well agencies monitor compliance with records management policies and directives, and the timely transfer of permanent records to NARA. This year, 10 percent of agencies fell into the low risk category. While agency compliance with Federal records management regulations appears to be improving, the change is slow. Obtaining senior management support at agencies is challenging, especially during times of austere budgets where attention is on mission-related work. With a focus on training and continued advocacy of records management at the highest levels within agencies, we will work with agencies to decrease the risk to their records or help them improve their records management programs. We will monitor these results over time to understand how quickly agencies implement or benefit from new guidance.

As part of NARAs oversight activities, we perform inspections of Federal agency records management programs to ensure compliance with the NARA's regulations on records management. Criteria for selecting agencies for inspection are found in 36 CFR Part 1239 and states that we will conduct an inspection when an agency fails to address specific records management problems involving high risk to significant records. Other circumstances leading to an inspection include a request from an agency head that NARA conduct an inspection to address specific significant records management issues in the agency.

This year, we inspected the National Geospatial-Intelligence Agency, focusing on the transfer of permanent, hard copy maps and charts to NARA's physical and legal custody. The inspection extended to 20 offices in three regional areas. We continued our inspection of elements of the records management program of the Office of the Secretary (OSD), which began in the second half of FY 2010. We approved OSD's action plan and advised the Office on implementation. The reports found at *Management of Hard Copy Mapping Products in the National Geospatial-Intelligence Agency* and *Records Management in the Office of the Secretary of Defense* highlight our reasons for conducting the inspections, the scope of our work, the recommendations resulting from the inspections, and plans for follow-up activity.

Performance Data	2009	2010	2011
Performance target for percent of agencies achieving a passing score for compliance with Federal records management policy.	–	*Establish baseline*	*15*
Percent of agencies that achieve passing scores for compliance with Federal records management policy.	22	6	10
Performance target for percent of agencies records who submit records management self-assessments to NARA.	*50*	*50*	*93*

Percent of agencies records management self-assessments submitted to NARA.	91	93	89
Number of agencies polled in self-assessment.	242	271	277
Number of agencies responding to self–assessment survey.	220	251	247

FY 2012 Performance Plan Evaluation   Using data from the annual self-assessments and inspections, we will continue to monitor trends and identify and evaluate strategies to improve the state of Federal records management in the Government.

1.2 NARA RECORDS MANAGEMENT SERVICES

FY 2011 Objectives	☐	Increase by 5 percent the number of distance learning course offerings over last year.
	☑	Establish baseline for records schedules submitted using ERA.
Results	✔	We delivered 24 records management related webinars throughout the year.
	✔	We received more than 50 records schedules in ERA due to our push to accelerate user adoption.

Discussion   NARA's ability to provide agency records managers and records management staff with tools to assist them in identifying and managing their records is critical to ensuring that the permanent records of the Federal Government are preserved and made available to the public. Equally critical are the principles outlined in the Open Government Directive, issued by the Obama Administration in December 2009. This Directive outlined the need for transformation in Government, where transparency, participation, and collaboration are the principles by which Government operates. We continue to look for ways to improve the records management services that we provide while ensuring that the principles of Open Government are an inherent part of our process.

Records managers are the most important audience for NARA's records management services, and they are best able to judge our success. We recognize the important role they play to advocate, instill, and implement good records management practices within their agencies. Partnering with records managers, we strive to capture the attention of senior leaders, such as the heads of agencies, General Counsels, and Chief Information Officers, to advance the importance of records management throughout an agency. Every spring, we present our Records Administration Conference (RACO) where we focus on topics such as meeting the challenges of electronic records in an open government. We host regular meetings of the Federal Records Council and the broader records officer community. We also produce guidance products, such as *Managing Mixed Media Files,* to address records management implications when records in various types of media are intermixed in one file.

The NARA Records Management Training Program provides a curriculum designed to enhance and improve the knowledge and skills of Federal records managers while also offering general training to familiarize staff at agencies with records management (*Records Management for Everyone*). Although records management training is integral to effective records management, we realize that time commitments, travel restrictions, and decreased budgets inhibit face-to-face participation in classroom instruction. To mitigate these limitations, we want to increase the

availability of distance learning training classes, including those offered through webinars. Competing priorities did not allow us to make these changes in FY 2011.

As noted earlier, NARA began a fundamental transformation of the agency to become more responsive and nimble. NARA's reorganization revolves around being a *customer-focused* organization—one of our six key transformational goals. Customer satisfaction is key to the success of NARA's transformation and crucial to the records management services NARA provides. A critical tactic for improving customer satisfaction is the redesign of the processes by which Federal records overall are identified, appraised, scheduled, and tracked while in agency custody. Part of the strategy for carrying out this plan was the development of the Electronic Records Archives, an application that supports the scheduling and accessioning of Federal records. We focused our activity this year on pushing agencies to actively engage in using our Electronic Records Archives system. Concentrated efforts to accelerate ERA agency adoption resulted in increased schedule submissions in ERA from one in FY 2010 to 54 in FY 2011. With more agencies slated to use ERA in FY 2012, we expect user adoption for electronic scheduling will continue to increase. Although ERA agency adoption is not close to completion, we are well on our way to achieve mandatory ERA use by agencies by the end of FY 2012.

Performance Data	2006	2007	2008	2009	2010	2011
Performance target for number of records schedules submitted using ERA.	—	—	—	—	—	*Establish baseline*
Number of records schedules submitted using ERA.	—	—	—	—	—	57
Performance target for percent increase in the number of Federal agency customers that are satisfied with NARA records management services.	*10*	*10*	—	*10*	—	—
Percent of Federal agency customers that are satisfied with NARA records management services.	78	81	—	81	—	—
Percent of records management training participants taking a NARA records management course for the first time.	35	43	39	63	36	32
Number of records management training participants who are taking a NARA records management course for the first time.	1,484	2,162	2,524	7,625	2,619	1,905
Number of Federal agency staff receiving NARA training in records management and electronic records management.	4,234	5,047	6,422	12,114	7,233	5,958
Number of records management training participants that NARA certified this year.	275	269	310	242	282	335
Performance target for the percent increase in the number of distance learning course offerings.	—	—	—	—	*5*	*5*
Percent increase in the number of distance learning course offerings.	—	—	—	—	133	-68
Median time for records schedule items completed (in calendar days).	301	282	285	307	285	709
Average age of schedule items completed (in calendar days).	368	451	443	416	438	907
Number of schedule items completed.	4.057	2,992	3,148	3,248	3,673	5,058
Number of open schedules in the backlog.	297	363	500	955	874	706

FY 2012 Performance Plan Evaluation We will continue work to revamp existing courses to improve content, delivery and interactivity. As Federal agencies depend on our assistance and guidance to improve their records management programs, we will assess their level of satisfaction with ERA in facilitating their work. We will move agencies toward mandatory ERA use by the end of the fiscal year.

1.3 FEDERAL RECORDS CENTERS PROGRAM

FY 2011 Objectives   ☐   Make ready 98 percent of Federal agency reference requests within the promised time.

☐   Answer 80 percent of written requests to the National Personnel Records Center (NPRC) within 10 working days.

☑   Achieve 88 percent customer satisfaction at NPRC.

☐   Implement Increment 4 of ARCIS at Federal Records Centers.

☑   Records management transactions in the Federal Records Centers Program (FRCP) grow by 1 percentage point.

☐   Answer 85 percent of requests for military personnel records in 10 working days or less.

Results

"The customer focused attitude and sense of urgency was astounding!"

✓   We provided 95percent of Federal agency reference requests within the promised time.

"I am completely satisfied with the entire process!"

✓   We answered 77 percent of written requests to the National Personnel Records Center (NPRC) within 10 working days.

"This was simple and easy and fast! Thank you!"

✓   We achieved 92 percent customer satisfaction at NPRC.

✓   We completed development of the customer portal as part of Increment 4 of ARCIS.

✓   We exceeded our target and increased the number of records management transactions in the Federal Records Centers Program (FRCP) by 1.5 percent.

✓   We answered 77 percent of requests for military personnel records in 10 working days or less.

Discussion NARA's recent reorganization realigned our reimbursable Federal Records Centers Program (FRCP) and the records management services we provide to agencies into one office—*Agency Services*. This alignment, designed to improve coordination between records management and FRC services, supports one of the agencies transformational goals, *One NARA*. No longer separating the Washington operation from those across the country, we can operate more efficiently and work toward common goals to achieve customers' expectations.   The FRC program safeguards and protects the nation's records, and plays a vital role in the lifecycle of Federal records. This includes a host of services to assist Federal agency customers with the

transfer, storage, and service of records to ensure the protection and availability of non-current records.   As the nature of the business shifts from traditionally paper records to electronic records, the services we provide must adjust to the changing environment. We determine our success by the growth of our business and the number of service transactions used by our customers. These services include reference requests, shipping and handling of records, records storage, photocopying, digital imaging, records disposal, and more

Although that we fell 3 percentage points short of our goal to respond to written requests to the National Personnel Records Center within 10 working days, we improved our performance by 8 percentage points between FY 2010 and FY 2011. This spring, nearly 600 staff and support equipment were relocated from our National Personnel Records Center in St. Louis, to our new facility in St. Louis County. This move consolidated staff and equipment located across three facilities to one new location. Effective planning for the move allowed us to experience only a slight decline in our timeliness in responding to customers' requests during that period; however, once we achieve stability after our major relocation effort, we expect our performance to improve. Although the bulk of the staff has relocated, a significant number of records are still located at the old NPRC. The record migration process will continue at roughly 1,000 cubic feet per day until approximately September 2012. During this lengthy migration, a synchronization process is in place to ensure the physical location of each record is accounted for. The relocation process adds to the overall complexity of request processing, and undoubtedly, may affect overall customer satisfaction.

We did not reach our target of 98 percent for the timeliness of Federal agency reference requests. Although our performance was high—96 percent—our overall timely performance was affected by three separate flooding incidents at our Federal records center in Suitland, MD. Our facility also suffered damages from an earthquake, followed by a hurricane, and then a tropical storm all occurring in the fourth quarter of FY 2011. These weather conditions resulted in facility closures, multiple days of power outages, and once restored, we experienced several days of internet failure. Performance at Suitland fell to 44 percent impacting the overall performance for the agency.

Each year, the Military Personnel Records unit of our National Personnel Record Center responds to more than one million requests from veterans, government agencies, and the public for information from many of the 50 million official military personnel files in its custody. Our customers depend on timely responses to requests for this information, which is used primarily to obtain veterans' rights and benefits, including health care, home loan guarantees, education, employment, and burial allowances.   Achieving our timeliness target is dependent on eliminating the backlog of written correspondence requests, which began to climb in January 2008.

Despite a second consecutive year of larger than expected growth in demand, we accomplished significant backlog reduction by bringing on additional staff. One continuing challenge to meeting our target has been securing World War II and Korean War records where thousands were lost or damaged in a record center fire in 1973. We rebuild the records only upon request due to the length of time—often months—it takes to reconstruct a single record.   As long as we include the time-intensive burn record reconstruction in our timeliness measure, we are unlikely to reach our target of 85 percent in 10 working days or less. Looking at our responsiveness to military separation requests (DD-214's), which make up 54 percent of the military requests, we answer 93 percent in 10 working days or less.

Contrary to our slight decline in responding to written requests, we achieved a 92 percent customer satisfaction rate for NPRC services, exceeding our target by seven percentage points. Our survey also helps us confirm the validity of efforts and initiatives designed to improve both the quality and timeliness of our responses to requests. The gains we witnessed to overall customer satisfaction can be attributed to our intense effort to drive down the backlog of requests during FY 2010 before moving to our new building. Through additional staff and significant overtime, the backlog was essentially eliminated by the end of FY 2010.

In FY 2011, we decided to close 12 FRCP public research rooms at the end of the fiscal year. Declining workload and the reassignment of staff and space were some of the factors that led to this decision. Monitoring trends over a 10-year period, we noted a significant decline in requests to review agency records at NARA. In the last several years, we stopped receiving new transfers of bankruptcy case files from the courts because of newer, electronic filing capabilities. How we are reusing the space varies among each location. Many of the facilities provided shared services or multiple purposes for the room. These facilities will continue to use the space for their other intended use. For example, research rooms that served both the public and agency research will continue to support agency research.

The Archives and Records Center Information System (ARCIS) is a system designed to electronically manage records storage and improve the efficiency of storage processes in Federal records centers. It supports streamlined business processes and at full implementation will allow customers to receive real-time, web-enabled access to their holdings and transaction information. In FY 2011, we developed new modules in the ARCIS customer portal that provide capabilities such as records transfer, user management, and access control based on user profile. These new modules achieve several desirable goals for ARCIS customers, such as self-management of agency access controls; self-configuration of agency access controls; and the entire workflow for creating, submitting, and approving transfer documents can be achieved through ARCIS.   HUD began submitting reference requests through an automated process that requires no human data entry, saving NARA hundreds of hours of staff time that used to be spent on this exchange. Increment 4 of ARCIS includes the capability for bulk load customer upload requests. We did not complete this capability due to the need to acquire a server to receive requests. We completed our training platform and successfully conducted our first end user training. We will continue training and complete the bulk load capability to deploy the customer portal in FY 2012.

Performance Data	**2006**	**2007**	**2008**	**2009**	**2010**	**2011**
Performance target for percentage point growth in records management transactions in the Federal Records Centers Program.	—	—	—	—	*1*	*1*
Percentage point growth in the number of records management transactions serviced by the Federal Records Centers Program.	—	—	—	—	2.3	1.6
Performance target for percent of customers satisfied with NPRC services.	—	—	—	*Establish baseline*	*88*	*88*
Percent of customers satisfied with NPRC services.	—	—	—	85	86	92
Performance target for percent of Federal agency reference requests ready within the promised time.	*95*	*95*	*96*	*97*	*97*	*98*
Percent of Federal agency reference requests ready within the promised time.	93	90	93	94	97	95
Percent of customers with appointments for whom records are waiting at the appointed time.	99.8	99.9	99.9	99.9	99.8	99.9
Number of customers with appointments for whom	21,367	17,879	13,527	10,331	9,081	6,977

Performance Data	2006	2007	2008	2009	2010	2011
records are waiting at the appointed time.						
Performance target for percent of written requests to the National Personnel Records Center answered within 10 working days.	–	*75*	*75*	*80*	*80*	*80*
Percent of written requests to the NPRC answered within 10 working days.	67	65	74	69	69	77
Number of written requests to the NPRC answered (in thousands).	1,110	1,139	1,216	1,314	1,421	1,206
Number of written requests to the NPRC answered within 10 working days (in thousands).	739	740	854	845	908	835
Number of written requests for civilian records to the NPRC answered within 10 working days (in thousands).	179	174	167	94	76	14
Number of written requests for military records to the NPRC answered within 10 working days (in thousands).	559	566	687	751	833	821
High Priority Measure: Performance target for percent of requests for military personnel records answered in 10 working days or less (target 85% by 2012).	–	–	–	–	*85*	*85*
Percent of requests for military personnel records answered in 10 working days or less.	61	59	72	70	70	77
Percent of requests for military service separation records at the NPRC answered within 10 working days.	91	90	95	95	94	93
Number of military service separation records (DD-214) requests answered (in thousands).	401	426	483	546	524	445
Average price per request for military service separation records.	$29.70	$29.70	$30.10	$31.70	$31.70	$33.00

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

FY 2012 Performance Plan We will develop strategies to address marketing electronic Federal Records Center services and work to expand business to new and existing customers. We will expand ARCIS to include additional enhancements to workflow engineering, integration with billing, and integration of retrieval tools for military and civilian personnel and medical records in the NPRC.

1.4 PRESIDENTIAL TRANSITIONS
FY 2011 Objectives   ☑   References LRPT 2.2

Discussion On January 20, 2009, NARA became the legal custodian of the records and artifacts documenting the Presidential Administration of George W. Bush. The work to process and store these records is tracked under Goal 2. The work of this objective focuses on the planning that occurs before and during a Presidential transition.

Strategic Goal 2: Preserve and Process

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

Long-Range Performance Targets

2.1 By 2016, 85 percent of scheduled transfers of archival records are received at the scheduled time.

2.2 By 2016, 95 percent of archival holdings have been processed to the point where researchers can have efficient access to them.

2.3 By 2012, 90 percent of agency declassification reviews receive high scores as assessed by the Information Security Oversight Office (ISOO).

2.4 By 2016, NARA archival holdings of 25-year-old or older records are declassified, exempted, or referred under the provisions of Executive Order 13526.

2.5 By 2016, 100 percent of archival holdings are stored in appropriate space.

2.6 By 2014, 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.

2.1 ACCESSIONING RECORDS

FY 2011 Objectives

☑ Identify and schedule 10 percent more Federal agency electronic records series or systems than were scheduled in FY 2010.

☐ 40 percent of targeted archival records transfers arrive at NARA on time.

Results

✓ We scheduled 1,031 Federal agency electronic records series or systems achieving 26 percent more scheduled than in FY 2010.

✓ We received 19 percent of targeted traditional records and 26 percent of electronic archival records transfers on time.

Discussion Our commitment to ensuring access to the records of our nation is largely dependent on the timely transfer of records to the National Archives. Without the proper

identification, schedule, disposition, and transfer of these important records to the National Archives, the Federal Government is subject to increased risks of losing important information protecting citizens' rights, demonstrating Federal Government accountability, or recording our nation's history.

The volume of records produced in agencies has grown tremendously, specifically with electronic records. We witnessed the steepest climb in electronic records transferred to NARA from FY 2008 to FY 2009 where we saw growth go from 17 terabytes to approximately 95 terabytes primarily due to taking in the George W. Bush Presidential records. Around this time agencies were also responding to *NARA's Electronic Records Project* initiative for which we established a September 2009 deadline (in compliance with section 207(e) of the E-Government Act of 2002) for agencies to submit records schedules to NARA for all their existing electronic records. Since then, the volume has surpassed 142 Terabytes.

To support the timely transfer of records, we targeted CFO Act agencies and worked with agency records officers to identify and schedule their records. We observed a wide variability on the timeliness and frequency of the transfers of electronic records that agencies actually send during any given period. We learned, however, that increased communication between NARA and the agencies enhanced the likelihood that agencies identified other nontargeted items for transfer. Although increased communications resulted in higher numbers of non-targeted archival records transfers in FY 2011, it did not always result in our getting certain high value records we had targeted. While we did not meet our target to receive 40 percent of targeted traditional and electronic archival records, we want to ensure that agencies transfer their permanent records, while we continue to pursue specific records.

We expect the level of activity to continue to rise as more agencies begin using our Electronic Records Archives. In FY 2011, we devoted considerable resources to encourage Federal agency adoption of ERA. While much of the initial agency interest with ERA was records scheduling, ten agencies used ERA to initiate the transfer of their permanent electronic records. This trend will continue as ERA becomes mandatory for all agencies by the end of FY 2012. So, while we are not meeting our target to initiate targeted transfers, enhanced communication with agencies contributed to an overall higher rate of transfers to date.

Performance Data	2006	2007	2008	2009	2010	2011
Performance target for percent of high value archival records transferred to NARA at the scheduled time.	–	–	–	*20*	*30*	*40*
Percent of targeted traditional archival records transferred to NARA at the scheduled time.	–	–	–	6	24	19
Percent of targeted electronic archival records transfers arriving at NARA on time.	–	–	40	44	35	26
Performance target for percent increase in number of Federal agency electronic records series or systems scheduled than prior year.	–	*10*	*10*	*10*	*10*	*10*
Percent increase in number of Federal agency electronic records series or systems scheduled than prior year.	10	33	31	60	3	26
Number of Federal agency electronic records series or systems scheduled.	612	423	496	794	820	1,031

FY 2012 Performance Plan Evaluation   We will continue to monitor trends and work with agencies to increase the volume of electronic records scheduled while also developing new strategies and approaches for promoting awareness of scheduling in agencies.

2.2 PROCESSING RECORDS

FY 2011 Objectives	☐	Increase by 8 points the percent of archival holdings processed to the point where researchers can have efficient access to them.
	☑	Train new archival staff in the processing of Presidential records.
Results	✓	We increased archival holdings available to researchers by 6 percentage points.
	✓	We trained new archival staff in all aspects of making NARA's holdings available to the public.

Discussion   Eliminating the backlog of unprocessed archival records is an agency priority. With accessions increasing in number or volume each year, we have shifted and increased resources, refocused priorities, and redefined business processes to manage the workload.   Processing this backlog of records will result in increased access for the public, greater intellectual control of the holdings, and enhanced preservation and physical protection of the records.

Archival processing is a multi-step process that involves all the steps needed to open a record to the public. It includes establishing basic intellectual control, flagging records that have privacy or national security classifications, providing enhanced descriptions of the records content as well as the context in which the records were created, and performing initial preservation so that we can serve the records to the public.

We fell slightly short of meeting this year's target to increase by 8 percentage points processed archival holdings available for access by researchers. Trends since FY 2008 show a steady improvement in the number of records that we process for researchers, almost doubling the amount from year to year, in some cases. While we realize gains in processing efficiencies, we have not been able to process nearly as fast as records are accessioned into the National Archives. We continue to experience large accessions – a goal we work towards – and, with the amount of records that we must process always increasing, the measure may not clearly reflect our improvements over time. Although we have streamlined our business processes to process holdings more efficiently, and adjusted resources to support this initiative, we will continue to be challenged in meeting our processing targets. One large accession at the end of the fiscal year can easily skew our results. We will re-examine ways to more accurately demonstrate improvements in our processing times and the measures we are taking to more quickly make Federal records available to researchers.

Archivists hired in FY 2010 participated in NARA's Archival Development Program (ADP) to provide them with background information on numerous areas within NARA's organizational structure. They participated in 40 hours of training providing an overview of NARA as a whole. Topics covered included acquisitions; building repairs and renovations; safety and physical, personnel and information security; performance budgets, and career development—numerous facets of work at NARA.   Another 40 hours of training specifically focused on all aspects of

making NARA's holdings available to the public, from accessioning through processing and release. Lastly, 40 hours were devoted to leadership training and a 30-day rotational assignment that provided the trainees with hands on experience. Meeting the Office of Personnel Management's (OPM) policy to complete 160 hours of training over the two-year period of their program, fully equipped this new cadre of archivists with the information and knowledge they need to be productive staff within their offices.

Performance Data	2006	2007	2008	2009	2010	2011
Performance target for percentage point increase in the number of archival holdings that have been processed to the point where researchers can have efficient access to them.	–	*Establish baseline*	*10*	*10*	*10*	*8*
Percentage point increase in the number of archival holdings processed to the point where researchers can have efficient access to them.	–	–	*Establish baseline*	11	6	6
Percent of archival holdings processed to the point where researchers can have efficient access to them.	–	21*	30	41	47	53
Number of records processed in Presidential Libraries (in cubic feet).	–	–	108,224	121,259	124,981	126,550
Number of series processed in our regional archives.	–	–	9,445	23,182	29,488	40,449
Number of processed Holdings Management System entries.	–	–	62,637	71,718	90,603	100,807

* Data reported in 2007 reflects only Washington, DC, area work. Data beginning in 2008 reflects results for the agency.

FY 2012 Performance Plan Evaluation We are exploring ways to engage citizens in adding descriptions to NARA holdings through social media tagging. We are undertaking an effort to seek approval from the representatives of former and incumbent Presidents to waive their right to receive notification of NARA's intent to release certain series of Presidential or Vice Presidential records.

2.3 GOVERNMENT-WIDE DECLASSIFICATION

FY 2011 Objectives	☑	Eighty percent of agency declassification programs receive high scores as assessed by ISOO.
Results	✓	We highly rated 81 percent of agency declassification programs.

Discussion The Information Security Oversight Office (ISOO), administered by NARA, oversees the Government-wide security classification program and reports annually to the President on its status. ISOO collects data about agencies' programs and conducts on-site reviews to assess those programs.

Since FY 2008, ISOO follows a regimented program to improve our oversight of Executive branch agencies' declassification review programs. The program was designed to evaluate agency decisions, identify best practices, and provide agencies with constructive recommendations to improve their programs. ISOO developed a scoring methodology and used a scoring tool to objectively evaluate agency declassification programs. Annually, ISOO performs declassification review assessments for agencies with the goal to increase the percent of those achieving a high score.

Trends since the implementation of this program are positive. We find that agencies typically implement NARA's recommendations and improve their review for declassification. This year,

81 percent of the agency declassification reviews received high scores, exceeding last year's result by 14 percentage points. We learned, however, that even minor developments in the area of personnel turnover can have a dramatic impact on agency performance, moving an agency from a category of high to low in just one year. ISOO continued its individual agency training and education efforts, focusing on improving individual agency performance using the assessment results.

Performance Data	2006	2007	2008	2009	2010	2011
Performance target for percent of agency declassification reviews that receive high scores as assessed by ISOO.	–	–	*Establish baseline*	*51*	*69*	*80*
Percent of agency declassification reviews that receive high scores as assessed by ISOO.	–	–	36	53	67	81
Number of agency declassification reviews that receive high scores as assessed by ISOO.	–	–	8	10	10	13
Number of agency declassification reviews assessed by ISOO.	–	–	22	19	15	16
Number of pages declassified government-wide (in millions of pages).	–	37.2	31.4	28.8	29.1	TBD

FY 2012 Performance Plan Evaluation   ISOO will continue to implement the requirements of Executive Order 13526. We will also continue to issue formal notifications that seek to improve the classified national security information program by disseminating consistent guidance to agencies on a periodic basis. We will review agency declassification programs and recommend ways to improve the quality of reviews.

2.4 NARA DECLASSIFICATION

FY 2011 Objectives	☑	Complete quality assurance in the National Declassification Center (NDC) on 100 million pages of classified documents 25 years old and older and accessioned into NARA.
	☑	Scan 500,000 pages of Presidential records eligible for declassification review as part of the Remote Archives Capture Project.
Results	✓	We completed quality assurance on 108.6 million pages of classified documents 25 years old and older and accessioned into NARA.
	✓	We scanned 830,735 pages of Presidential records eligible for declassification review as part of the Remote Archives Capture Project.

Discussion   The Government protects millions of classified documents at great expense, including a backlog, initially inventoried at more than 400 million pages of Federal records in our Washington, DC, area facilities. Millions of pages of classified records in our holdings are also in the Presidential Libraries. Since the issuance of Executive Order 13526, issued by the President on December 29, 2009, we have worked vigilantly to meet the December 31, 2013, deadline to declassify records as quickly as possible while maintaining national security.   Agencies as well are focusing their efforts and limited resources on the significant implementation requirements of

the Executive Order and 32 CFR Part 2001, and in meeting the December 31, 2013, deadline concerning the backlog of classified documents 25 years old or older, requiring action.

NARA's National Declassification Center (NDC), mandated by the President through Executive Order 13526, was stood up in January 2010. The NDC is charged with promoting collaboration among agencies, standardizing data, and bringing together disparate declassification processes and systems within the declassification community to expedite the review and declassification of the 25-year old and older classified records. Our declassification review and release process has stabilized. We track end-to-end NDC operations, allowing us to pinpoint chokepoints in our processes, report accurate production statistics at each step in our process, and streamline all of our data capture efforts. End-to-end tracking of NDC operations assisted our efforts to successfully evaluate and complete quality assurance on 108 million pages of classified information, complete processing on 22.6 million pages, and release 20.2 million pages to the public in FY 2011. Improvements in our database analysis and metrics capability led us to reassess our original backlog, initially estimated at 400 million pages, and redefine the original backlog to approximately 386 million pages on January 1, 2010.

During FY 2011, we also coordinated and completed the declassification and release of material associated with the 40th anniversary of the publication of the Pentagon Papers. The release marks the first authorized availability of the complete report to the Vietnam taskforce. We are currently processing supporting documentation and will make that available in the future. We also completed the declassification review and processing of information relating to construction of the Berlin Wall. We will host a panel discussion related to the opening of the records in early FY 2012.

We crafted a potential process that we will pilot for the review and release of the limited number of classified electronic records accessioned to NARA. New work processes to address Freedom of Information Act/Mandatory Declassification Review requests include the digitization of requested records in the review process. Using these processes, we noted a 50 percent improvement rate in case-handling.

NDC has been at the forefront of Open Government initiatives, in facilitating collaboration between other government agencies, offering the public transparent declassification processes, providing regular informational updates to the public, and providing declassified records to the public in the most efficient yet secure manner possible. We held both small and large public interest group sessions in response to the release of our semi-annual reports on the status of our backlog processing.

Our biggest challenge continues to be our work with agency partners and the Department of Energy to address the page-level review mandated for all documents lacking Kyl-Lott certification for the identification of Restricted Data/Formerly Restricted Data (RD/FRD). The lack of proper documentation affects nearly half of the remaining records within the backlog. Near the end of FY 2011, we initiated an inter-agency approach to identify RD/FRD in the backlog records. We based this process on the evaluation process we currently use to judge the quality of review in the backlog records. We will pilot this collaborative approach in FY 2012.

NARA, in partnership with the Central Intelligence Agency (CIA) and all other classifying agencies in the Federal government, is using the Remote Archives Capture (RAC) project to capture the classified materials held by the Presidential Libraries in digital format. Once digitized, the materials are reviewed in a centralized location in Washington by equity-holding agencies. We use this vehicle to facilitate declassification review and to comply with EO 13526 by

ensuring that we refer all 25-year-old classified documents to the appropriate equity agencies. The primary classifying agency uses a classified review system for review and declassification of their equities and transmits their decisions to a CIA center. The CIA center subsequently provides the Library with its declassification decisions. We have surpassed our target of scanning 500,000 pages of Presidential records eligible for declassification in each of the past six years. The staff at the Reagan Presidential Library scanned more than 780,000 pages for the Remote Archives Capture project, higher than any volume scanned since tracking this measure. By scheduling multiple scanning trips to the Library to stagger the scanning effort, we were able to exceed the performance goal.

Performance Data	2006	2007	2008	2009	2010	2011
(Cumulative) Performance target for number of pages completed quality assurance in the NDC for declassification processing effort.						*100*
(Cumulative) Number of pages completed quality assurance in the NDC for declassification processing effort (in millions).	–	–	–			108*
Number of pages completed in the NDC declassification processing effort (in millions).				5.6	9.6*	22.6*
Number of Federal pages declassified and made available to the public (in millions).	–	–	–	–	8.7*	20.2*
Performance target for annual number of Presidential pages scanned (in thousands).	*500*	*500*	*500*	*500*	*500*	*500*
Annual number of Presidential pages scanned (in thousands).	506	512	519	545	531	831

* Data reported reflects activity beginning January 1, 2010 based on establishment of National Declassification Center.

FY 2012 Performance Plan Evaluation NARA plans to manage and improve processes to eliminate our declassification backlog by the December 2013 deadline per the President's memorandum of December 29, 2009, and in accordance with Executive Order 13526.

2.5 ARCHIVAL HOLDINGS IN APPROPRIATE SPACE

FY 2011 Objectives

☐ Complete award of construction contract for second phase of Roosevelt Library renovation.

☑ Open National Personnel Records Center Dunn Road facility for occupancy.

☑ Complete move of Nixon Library holdings into new space.

☐ House 85 percent of archival holdings in NARA 1571 compliant space.

Results

✔ We received proposals for the second phase of construction at the Roosevelt Library.

✔ We completed construction of the National Personnel Records Center in St. Louis County and opened the doors for occupancy to more than 600 NARA employees.

✓ We completed the move of Nixon Presidential holdings from College Park, MD, to the Nixon Library in Yorba Linda, CA.

✓ We store 78 percent of archival holdings in NARA 1571 compliant space.

Discussion: NARA has an inventory of 16 NARA-owned buildings—the National Archives Building, the National Archives at College Park, 13 Presidential Libraries and Museums, and the National Archives at Atlanta. The National Archives Building and the Roosevelt Library are on the National Register of Historic Places, and all of the Presidential Libraries are considered by the State Historic Preservation Officers to be eligible. All of these buildings are archival storage facilities and house historically valuable and irreplaceable documents.

The renovation of the aging Franklin D. Roosevelt Library will provide environmentally appropriate, safe, and secure space for the long-term care of archival and artifact collections. The renovation also improves conditions for the staff, researchers, and visitors and helps to increase productivity and satisfaction of the facility as a place for work and research. We continue to perform the first phase of the construction which includes site work to support new mechanical and electrical equipment and second floor renovations. The first phase is scheduled for completion in early FY 2012.

Last year, we completed a substantial portion of the design work for the second phase of construction at the Roosevelt Library, however, obstacles in completing the design for the second phase resulted from delays in developing the exhibit design. Resolution to design issues took longer than expected and resulted in revisions to the shelving design. Arriving at a resolution impacted our target date for issuing the request for proposal (RFP) and pushed forward the due date for proposals. We expect to award the construction contract and begin the 540 day renovation project in early FY 2012. Because the second phase of construction cannot begin until the completion of the first phase, we are closely monitoring phase one construction activities to anticipate and quickly resolve any issues.

Construction of the new National Personnel Records Center (NPRC) building in St. Louis, MO, designed to house more than two million cubic feet of permanent and archival records in fully compliant space, was completed in early FY 2011. This building replaced the old NPRC, also in St. Louis, MO. The old NPRC was the largest operation outside the Washington, DC area with facilities that did not meet our storage standards for temporary and archival records. We were plagued with numerous facility problems that could not cost effectively be resolved to meet storage standards. The new building will house approximately 9 billion textual, digital, and microfilm records of the military and civilian personnel files. The design will facilitate communications, training, and records processing, to name a few of the benefits. We successfully managed the logistics of moving more than 600 NARA employees to the new building with very little impact to providing service to our customers. Although our performance slightly declined in responding to customers written requests during this period— we receive nearly 20,000 requests for documents from military folders per week—the response to overall customer satisfaction with our services was significantly higher (see performance measure 1.3). We will complete the move of all records by the end of FY 2012.

We did not reach our target to store 85 percent of archival holdings in NARA 1571 compliant space. NARA 1571 establishes environmental conditions that will help achieve maximum life expectancy of the textual records stored in the regional archives system. Previous performance

reports mistakenly included the records in our NPRC in St. Louis as being in appropriate space, accounting for approximately 465,000 cubic feet of records. We expect the move of records from the old NPRC to the new, compliant facility will be completed in FY 2012, resulting in a higher percentage of our records in appropriate space in FY 2012.

Creation of the Federally-operated Nixon Presidential Library allows us to advance public access to materials of the highest historical significance, streamline existing archival and museum activities by combining operations in one location, and preserve these invaluable historical resources in appropriate and secure space. The Library completed a renovation project of the existing Nixon Library in Yorba Linda, California. The renovation was completed in FY 2007. We transferred Nixon Presidential holdings to that facility from two of our facilities. With the transfer of artifact holdings and additional staff to operate the Library, we encountered inadequate storage space and required an additional expansion to hold all the materials stored in other archival space. We successfully completed the expansion in FY 2010—adding 15,000 square feet to the Library—and moved the remainder of Nixon holdings in FY 2011.

Performance Data	2006	2007	2008	2009	2010	2011
Percent of artifact holdings in appropriate space.	42	42	40	37	40	40
Number of artifact holdings (in thousands).	544	544	582	628	600	600
Percent of electronic holdings in appropriate space.	100	100	100	100	100	100
Number of electronic holdings in appropriate space (in millions of logical data records).	4,611	4,737	5,523	6,704	6,944	7,171
Number of electronic holdings in appropriate space (in terabytes).	—	—	—	—	100.4	142.0
High Priority Measure: Percent of archival holdings in NARA 1571 compliant space (target 85% by 2012).	—	—	—	—	—	—
Percent of archival holdings in NARA 1571 compliant space.	57	80	73	70	71	78
Number of archival traditional holdings (in thousands of cubic feet).	3,296	3,346	3,729	3,937	4,043	4,248
Performance target for cost of compliant archival storage space per cubic foot of traditional holdings stored (adjusted for inflation).	—	*$5.78*	*$5.84*	*$6.06*	*$5.84*	*$6.28*
Cost of archival storage space per cubic feet of traditional holdings stored.	$6.65	$6.20	$5.85	$5.83	$6.16	$7.19

FY 2012 Performance Plan Evaluation We will continue to focus on maintaining storage facilities that meet archival requirements while keeping costs for archival storage as low as possible. We will complete various stages of renovation activities at the Roosevelt and Kennedy Presidential Libraries, to improve services to researchers and the public. We will improve visitor flow and access as part of the National Archives Experience as well as complete the move of permanent and archival records to the new National Personnel Records Center facility in St. Louis County.

2.6 NARA FEDERAL RECORDS CENTER HOLDINGS IN APPROPRIATE SPACE

FY 2011 Objectives
☐ Achieve initial occupancy of Denver records storage facility.

☑ Achieve initial occupancy of National Personnel Records Center (NPRC).

☐ House 85 percent of NARA's non-archival holdings in appropriate space.

Results
- ✔ We completed site work for the Denver records storage facility.

- ✔ We completed construction and moved more than 600 NARA staff to the new National Personnel Records Center.

- ✔ We occupied new palletized facilities outside of Chicago, IL, and Dayton, OH.

Discussion: In accordance with 36 CFR Part 1234, the Archivist is responsible for specifying the facility standard and approval processes that apply to all records storage facilities Federal agencies use to store, service and dispose of their Federal records. In this role, we often advise Federal agencies or inspect their facilities to bring their facility under regulatory storage compliance. We hold our facilities to the same standards.

Over the past two years, we continued to make improvements to or replace regional records centers with the opening of the new NPRC and the lease for a replacement build-to-suit facility for the Denver Federal Records Center. In addition, NARA leased two new palletized storage facilities in appropriate conditions for the storage of records with low reference activity. These are long term projects that span multiple years from design through completion. To satisfy the increasing demand for appropriate space, NARA is working with GSA for the lease of another multi-bay storage facility.

Several upgrade or renovation projects were conducted in FY 2011 to advance NARA in records storage facility compliance. We attained facility certification at one of three facilities in our FRC in Dayton, OH, after mailroom upgrades to achieve fire separation were completed. Working through GSA, we received approval for revised design drawings for upgrades to the Washington National Records Center (WNRC) in Suitland. Work began in late FY 2011. We performed proof-of-concept leak detection work at the FRC in Chicago, using this work as a benchmark for consideration of a similar design to the FRC in San Bruno. In Seattle, GSA contracted for the necessary modifications to bring that facility into compliance with the new standards. We lease these facilities through GSA, who is responsible for contracting the work required to upgrade the facilities. GSA, however, manages a large portfolio of facilities in each region. Communicating and negotiating our priorities against those of other Federal agencies with similar needs often presents scheduling challenges.

To meet our requirements for monitoring the storage of federal records in commercial facilities by other agencies, NARA continued its review and approval process of several commercial facilities submitted by agencies. As part of the review, NARA randomly selected several commercial facilities that had previously been approved based on an agency's certification for a compliance review. During these reviews NARA found very few items that were not in compliance indicating that the agencies are doing a reasonably good review of the facilities for compliance with the standards before submitting them to NARA for approval.

Performance Data	2006	2007	2008	2009	2010	2011
High Priority Measure: Performance target for percent of NARA records center holdings stored in appropriate space (target 85% by 2012).				*100*	–	–
Percent of NARA records center holdings stored in appropriate space.	–	–	–	–	62	67

Performance Data	2006	2007	2008	2009	2010	2011
Volume of records center holdings (cubic feet in millions).	25.1	25.7	26.6	27.2	27.6	27.7
Storage price per cubic foot for records center holdings.	$2.28	$2.28	$2.40	$2.40	$2.52	$2.52

FY 2012 Performance Plan Evaluation   Our Federal Records Centers Program continues to implement infrastructure upgrades and compliant storage solutions as required for Federal temporary records.

2.7 PRESERVATION

FY 2011 Objectives

☑ Appropriately treat and remove 90,000 cubic feet of NARA's at-risk archival holdings from preservation backlog.

☑ Conduct preservation reviews at six NARA locations.

☑ Deploy Holdings Management System (HMS) in three additional regional archives.

Results

✔ We treated and removed more than 95,000 cubic feet of at risk archival holdings from our preservation backlog.

✔ We conducted preservation reviews at three of our regional facilities and at four of our Presidential Libraries.

✔ We implemented HMS at our regional archives in Riverside, CA; Fort Worth, TX; New York, NY; Atlanta, GA, and Kansas City, MO.

Discussion: NARA's mission is rooted in preserving and providing access to the permanent records of the Federal Government—now, and in the future. Approximately two-thirds of NARA's textual and non-textual records are at risk of not being preserved and available for future generations.   We are tackling a wide variety of formats and media in our holdings, from paper records, videotapes, and microfilm, to maps, charts, and artifacts. We consistently examine our holdings to assess their preservation needs, provide storage conditions that retard deterioration, and treat, duplicate or reformat records at high risk for loss or deterioration. Our at-risk records include acetate-based still photography and microfilm, audio recordings that require obsolete equipment, videos, brittle and damaged paper records, and motion pictures.

This year we treated and removed more than 95,000 cubic feet of at-risk holdings from our preservation backlog. We completed work on more than 2,900 cubic feet of special media, performed holdings maintenance work, and transferred a large amount of our at-risk records to offsite cold storage. However, we continue to experience significant increases in new at-risk records, increased demand for digitization, and large increases or shifts in the public demand for use of at-risk records. Although we were able to meet our target this year, balancing the competing demand of limited resources available to enable the preservation of a high number of cubic footage and substantially lowering our preservation backlog remains a significant

challenge. Efforts to improve our progress include the development of a NARA five-year preservation plan to prioritize preservation work on non-textual, special media records at-risk. We continue to focus on implementing efficiencies in work flows, provide storage for electronic records, identify the requirements for holdings maintenance and other preservation actions, and establish contracts for special media formats that we are unable to preserve in-house.

Approximately 57 percent of our preservation backlog consists of holdings in our Presidential Libraries. Many of the at-risk holdings are audiovisual materials that offer priceless insight into the lives of Presidents and their families. These materials typically require more resource intensive preservation treatments, resulting in low volumes of holdings treated.   Over the past five years our preservation backlog has grown, primarily due to the transfer of the George W. Bush records and other large bodies of material to our custody. These records, entirely unprocessed, carry varying levels of risk that the staff is addressing through holdings maintenance and other preservation projects.

The implementation of our Holdings Management System (HMS) allows us to better manage the at-risk backlog.   HMS provides the capability to record assessments and track the location and progress of treatment of at-risk records.   The initial implementation included space management, circulation of records to staff, preservation risk assessment, and work requests for preservation and other activities. We developed this system to address long-standing issues and inefficiencies that we experience with storage and management of hardcopy archival holdings. HMS provides a common, integrated solution that when fully deployed, will provide greater physical control over non-electronic archival holdings across all NARA facilities.   We exceeded our goal and deployed HMS at five regional archives facilities (i.e. Riverside, Fort Worth, New York, Atlanta, and Kansas City) in FY 2011, and began preparations for the rollout of HMS to the Anchorage regional archives. As part of the rollout to Atlanta, functionality to allow users to scan shelf and asset barcode tags was deployed, creating the capability to update asset location without manual entry. We also began deployments for motion picture and audiovisual holdings with completion expected in FY 2012.

Initiated in FY 2010, we implemented a program to review preservation aspects of holdings and programs nationwide on a five-year cycle. Preservation program reviews were held at six facilities in FY 2010, and another six (i.e. three regional archives and four Presidential Libraries) in FY 2011. Preservation reviews are the primary mechanism used to identify broad preservation priorities for each NARA storage and access location for original records and holdings. Each review results in a five-year preservation plan with a written summary of findings and preservation priorities. Progress on preservation recommendations are managed and tracked to advance long-term preservation of NARA holdings.

Performance Data	2006	2007	2008	2009	2010	2011
Performance target for percent of archival holdings that require preservation action.	–	*Establish Baseline*	*≤65*	*≤65*	*≤65*	*≤65*
Percent of archival holdings that require preservation action.	–	65	65	65	64	62
Backlog of holdings requiring preservation action (in thousands of cubic feet).	2,182	2,163	2,425	2,571	2,578	2,636
At-risk archival holdings that received preservation treatment this year (thousands of cubic feet).	28	56	125	116	110	79
Cumulative volume of at-risk archival holdings in cold storage (thousands of cubic feet).	90	90	91	93	94	97

Performance target for NARA's at-risk archival holdings treated and removed from preservation backlog this year (thousands of cubic feet).	–	–	–	–	*85*	*90*
NARA's at-risk archival holdings treated and removed from preservation backlog this year (thousands of cubic feet).	–	–	91	46	56	96

FY 2012 Performance Plan Evaluation   We will continue to treat our at-risk records to prevent loss of historically, valuable information in addition to conducting preservation reviews at six NARA locations. We will deploy HMS at six additional regional archives.

Strategic Goal 3: Electronic Records

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

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

3.1 PROCESSING ELECTRONIC RECORDS

FY 2011 Objectives	☑	Sustain 83 percent of archival electronic holdings processed to the point where researchers can have efficient access to them.
	☐	Migrate remaining legacy holdings eligible for transfer to ERA (Base instance) for Federal records.
Results	✓	We processed 83 percent of our archival electronic holdings to the point where researchers have efficient access to them.
	✓	We continue to migrate legacy holdings into ERA although challenges persist.

Discussion   We must guarantee the continuing accessibility of permanent electronic records of all three branches of our Government despite the fact that the volume, variety, and complexity of records coming to the National Archives is increasing. The goal of the Electronic Records Archives (ERA) is to address this changing environment.   We understand that the public expects government information and services to be available online and delivered through their channel of choice. To meet these expectations, our holdings must be preserved, available, and accessible by the public online.

We experienced tremendous growth in our electronic holdings in the past ten years, with the sharpest spike seen from 2008 through 2011.   Volumes of electronic holdings transferred at the end of the Clinton Administration followed by the Bush Administration, increased NARA's electronic holdings by the end of FY 2010 to more than 100 terabytes, and of those, 83 terabytes managed by ERA. At the end of FY 2011, our total volume of electronic records managed in ERA grew to more than 140 terabytes with 124 terabytes managed in ERA. During this time, the Census Bureau transferred electronic images comprising more than 300 terabytes of data from the 2010 Census. We are currently performing archival verification on this data to begin ingest into ERA in FY 2012.

The number of archival electronic holdings fully processed and available for researcher access increased by slightly more than 3 percent in FY 2011, and conversely, the percent of archival

electronic accessions processed declined. The trends are clear indicators of the impact of substantial increases in the volume of electronic records produced and accessioned. We are making more holdings available to researchers; however, our backlog of unprocessed holdings is also growing. Our ability to process archival electronic records will be enhanced by ERA. As ERA becomes more widely used, our goal is to more efficiently manage electronic records, expediting their availability for use.

After successfully implementing the initial operating capability of ERA in FY 2008, we began migrating accessions from our existing holdings into ERA. We identified an initial set of legacy electronic holdings accessions and have continued to move those electronic holdings along with related metadata in the system. Finally, we run dual operations—both ERA and portions of our legacy systems—as we migrate the remaining legacy holdings to ERA.

Performance Data	**2006**	**2007**	**2008**	**2009**	**2010**	**2011**
Performance target for percent of archival electronic accessions processed to the point where researchers can have efficient access to them.	*80*	*95*	*80*	*80*	*80*	*83*
Percent of archival electronic accessions processed.	80	81	86	88	88	83
Number of accessions received.	2,010	2,153	2,328	2,476	2,674	2,938
Number of accessions processed.	1,615	1,738	2,004	2,188	2,349	2,429
Unprocessed accessioning backlog (in accessions).	395	415	324	288	325	509
Median time (in calendar days) from the transfer of archival electronic records to NARA until they are available for access.	259	467	2,127*	1,842*	2,209*	274

*Processing completed for numerous electronic record holdings received more than 5 years ago.

FY 2012 Performance Plan Evaluation   We will continue to migrate data from the legacy media to ERA Base. In addition, we will strive to process new transfers of electronic records using both ERA and our legacy processes for transfers not eligible for ERA processing.

3.2 PRESERVING ELECTRONIC RECORDS

FY 2011 Objectives	☐ Define and implement criteria and policy for planned levels of service to preserve and make available archival electronic records.
	☐ Preserve 50 percent of archival electronic records at the planned level of service.
	☑ Implement criteria and policy for transforming standard EBCDIC files to ASCII.
Results	✔ We defined the process to document format transformation criteria and requirements in preservation and access plans.
	✔ We redefined how we will evaluate progress on this measure, eliminating the use of the term "planned levels of service."
	✔ We deployed software in ERA with the capability to transform standard EBCDIC to ASCII.

Discussion   NARA currently provides one level of service for its electronic records: we preserve the records in the format in which we receive them, ensuring that the data remains unchanged and uncorrupted over time. We accomplish this using the ERA system, enabling NARA to preserve permanent holdings. Moving away from the concept of "planned levels of service" which was prone to varying interpretations within NARA, we have outlined a more systematic approach for preserving our records in ERA. We identified criteria for prioritizing formats that require transformation, and will develop a more robust methodology in FY 2012. We have developed technical white papers for a number of NARA's most vulnerable formats. Following this effort, we plan to complete Preservation and Access Plans for formats most at risk of obsolescence in FY 2012. The plans will allow us to analyze the extent to which we need to transform these records to more sustainable formats.   Once priorities are established, we will preserve and maintain permanent electronic records in any format and transform these records to the most appropriate format needed, or to a persistent format or state when possible.

In FY 2011, we implemented the capability for transforming NARA's standard EBCDIC records to ASCII using ERA. We completed the software development effort, beginning with requirements definition up through the development of actual code. Deployment of EBCDIC to the ASCII transformation solution provides NARA with a benchmark to address preservation of various types of obsolete formats and serves as a guide for future long-term preservation efforts.

FY 2012 Performance Plan Evaluation   We will assess the digital preservation needs of the archival electronic formats in NARA's custody and establish criteria to prioritize the development of Preservation and Access plans and implement recommendations for all archival electronic holdings requiring action for long term preservation and accessibility.

3.3 COST OF ELECTRONIC RECORDS MANAGEMENT

FY 2011 Objectives	☑	Complete ERA Base architecture realignment.
	☑	Identify requirements and conduct software design for meeting Freedom of Information Act (FOIA) requests in the EOP instance of ERA.
	☐	Implement initial phase of transformation (preservation) framework.
	☑	Conduct analysis for handling restricted information in ERA.
	☑	Deploy Online Public Access.
	☑	Award ERA Operations and Maintenance contract.
Results	✓	System enhancements and new hardware were delivered as part of the Increment 3 deployment of the ERA Base.
	✓	We completed software development for EOP FOIA to include the capability to transfer, ingest, and search electronic records.

✓ We developed a strategy that will use the ERA Transformation Framework to transform EBCDIC assets to ASCII for public use.

✓ We deployed Classified ERA (CERA) to manage classified electronic records in a cost-effective manner.

"This is a simpler, faster way to find a variety of NARA records." ✓ We deployed the Online Public Access prototype to the public.

✓ We awarded the ERA follow on operations and maintenance contract.

Discussion   We successfully developed a strategy using the ERA transformation framework that addresses the capability to plan, execute, and monitor a preservation process on a set of identified assets in EBCDIC, an obsolete, proprietary format, to an open format, ASCII. This is the first step to ensure that ERA stakeholders, customers and the public can access ERA holdings regardless of whether the software used to create the records still exists.   We will apply the lessons learned and develop functionality to address preservation of other types of obsolete formats.

We achieved initial operating capability for the ERA Base instance in FY 2008.   While we have released several increments with enhancements since that time, we most recently updated the ERA Base instance with newer technology. The newer technology is less dependent on proprietary software and facilitates the evolution of the system in accordance with business process changes and user requirements. ERA will impact nearly all of NARA's processes for lifecycle management of electronic records. The system will serve as the catalyst for conversion to the target business architecture from the legacy applications NARA currently uses to support the processes for lifecycle management of electronic records. This conversion will include process improvements designed to lower the overall cost of doing business with the public and other stakeholder groups.

NARA developed capabilities to support Freedom of Information Act (FOIA) processing under the terms of the Presidential Records Act (PRA) and the ability to redact copies of records and store the redacted versions with their originals in archival storage. The PRA establishes a process for restriction and public access to these records, allowing public access to Presidential records through FOIA beginning five years after the end of the Administration. In FY 2009, we deployed the Executive Office of the President (EOP) instance of ERA which provides for the transfer, ingest into the system, and search capability for the Bush Administration records now resident in the system. A standalone desktop redaction tool was not procured, but is currently under evaluation for feasibility.

We completed analysis for handling restricted information in ERA. Our analysis included considerations such as designing the classified instance to support incremental deployment, assessing scalability to accommodate larger volumes of classified electronic records, and examining the cost effectiveness of providing the required functionality. Because NARA has electronic records with national security classification levels above the Controlled Unclassified Information (CUI) level, specific storage requirements were also analyzed. Although not in full use, we achieved deployment of a classified instance of ERA.

NARA's flagship initiative in our Open Government plan is to develop online services to meet the 21ˢᵗ century needs of the public.   NARA's Online Public Access (OPA), is our first step in providing a resource with an improved federated search capability and an enhanced display. OPA is a prototype of the online public portal to our records and information about our records. The OPA prototype provides access to nearly one million electronic records currently in ERA, with more planned in the coming year. OPA searches all web pages on Archives.gov, eliminating the need for researchers to perform separate searches for finding aids or other information related to our records on Archives.gov.   Researchers can also search our current online catalog and selected series from NARA's Access to Archival Databases (AAD). We developed a web page that included an *OPA explanatory video* describing OPA's purpose and use. Throughout the year we added functionality to refine searches, introduced capability for registered users to save search results to lists, added printer-friendly features for printing brief and full results, public tagging, and enhanced zoom capability. We will move from prototype to full implementation of OPA in FY 2012.

In FY 2011, we awarded a 10-year operations and maintenance contract for ERA. The breadth of responsibilities range from support and maintenance of the development and test environment, performance of corrective and adaptive software maintenance, sustaining engineering, and technology refresh tasks, to all support necessary to maintain the instances.   This transition signals the end of ERA development activities and moves us to an operations and maintenance phase.

Performance Data	**2006**	**2007**	**2008**	**2009**	**2010**	**2011**
Performance target for megabyte cost to manage archival electronic records.	–	–	–	*Establish baseline*	*<$0.36*	*<$0.15*
Per megabyte cost to manage archival electronic records.	$0.43	$0.37	$0.39	$0.36	$0.15	$0.12
*Number of terabytes of archival electronic records managed by NARA (includes pre-accessioned electronic records).	16.8	17.8	18.2	19.2	100.4**	142.0
Number of terabytes of archival electronic records managed in ERA (includes pre-accessioned electronic records).	–	–	–	–	83	124

** These figures represent terabytes in the sense more specifically called tebibytes (TiB), the International Electrotechnical Commission standard unit based on a multiplier of 1024 bytes as a measure for a Kilobyte, as opposed to the International System of Units (SI) standard unit, which uses a multiplier of 1000 bytes as a measure for Kilobyte. ** Figures prior to FY 2009 do not include ERA.*

FY 2012 Performance Plan Evaluation   We will mandate ERA use by Federal agencies in scheduling and transferring permanent records to NARA. We will fully implement OPA for public use. We will transition ERA to operations and maintenance.

Strategic Goal 4: Access

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

Long-Range Performance Targets	4.1. By 2016, NARA customer service standards for researchers are met or exceeded.

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

4.3. By 2016, 95 percent of archival holdings are described 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.

4.1 NARA CUSTOMER SERVICE STANDARDS

FY 2011 Objectives

☑ 94 percent of written requests are answered within 10 working days;

☑ 94 percent of items requested in our research rooms are furnished within 1 hour of request or scheduled pull time;

☑ 88 percent of Freedom of Information Act requests for Federal records are answered within 20 working days;

☑ 91 percent of online archival fixed-fee reproduction orders are completed in 20 working days or less.

☑ Recommend improvements to government-wide FOIA administration process through the Office of Government Information Services (OGIS).

☐ Establish mediation program to resolve FOIA disputes.

Results

✓ We answered 95 percent of written requests within 10 working days.

"This is a gem of a place. I've learned a lot about the process of research."

✓ We provided 97 percent of items requested in our research rooms within 1 hour of the request or scheduled pull time.

"…the fact that you are able to retrieve two specific sheets of paper from one Navy ship that sailed 60 years ago is truly, practically unbelievable…"

✓ We answered 89 percent of Freedom of Information Act (FOIA) requests for Federal records within 20 working days.

✓ We completed 96 percent of our online archival fixed-fee reproduction orders in 20 working days or less.

✓ We made recommendations to the President on how to improve the FOIA administration process.

✓ We facilitated hundreds of disputes without the need to convene formal mediation.

Discussion   We successfully met or exceeded most of our customer service targets in FY 2011.   In our research rooms, our customers received requested research materials within one hour 97 percent of the time. We increased the number of items that we furnished in our research room by 2.5 percent over last year, despite a 3.6 percent decrease in researcher visits, indicating that our researchers are requesting more material at each visit. We responded to customers' written requests within 10 working days 95 percent of the time. Ninety-six percent of the time we responded to online archival reproduction orders within 20 working days and we answered 89 percent of FOIA requests for Federal records within 20 working days.   Many staff were challenged with meeting the targets and balancing the work required for multiple tasks and new initiatives. Some of these tasks included the implementation of our Holdings Management System (HMS) at several of our facilities, the migration to our Electronic Records Archives, digital processing initiatives, assistance with tasks associated with an ongoing Inspector General investigation of stolen materials, as well as a staff-driven reorganization of the entire agency. Although we were able to meet our targets, these efforts tested the ability of staff to maintain our high standards of service.

The Office of Government Information Services (OGIS), established in September 2009, reviews policies and procedures of administrative agencies under FOIA, reviews agency compliance with FOIA, and recommends policy changes to the Congress and the President to improve the administration of FOIA. OGIS's mission also includes providing services to mediate disputes between FOIA requesters and Federal agencies, developing an innovative approach to reduce litigation, and improving the FOIA process for the public and the Government. Since establishment of the OGIS, 675 cases out of 764 were closed. Our cases include requests for dispute resolution for specific FOIA requests as well as more general inquiries. None of the cases that OGIS has handled to date have resulted in formal mediation. Harvard Law School Negotiation and Mediation Clinical Program approved an OGIS project proposal to assist OGIS in developing methods to evaluate our effectiveness.

In February 2011, OGIS sent recommendations to the President on how to improve the FOIA administration process. To help set up a formal mediation program, OGIS consulted with experts inside and outside the government to develop requirements and had hoped to bring in additional expertise through a detailee from another agency. We were not able to do that in FY 2011, but expect to do so in FY 2012.

Performance Data	2006	2007	2008	2009	2010	2011
Performance target for written requests answered within 10 working days.	*95*	*90*	*91*	*92*	*93*	*94*
Percent of written requests answered within 10 working days.	97	95	94	95	93	95
Performance target for Freedom of Information Act requests for Federal records completed within 20 working days.	*90*	*85*	*86*	*87*	*87*	*88*
Percent of Freedom of Information Act requests for Federal records completed within 20 working days.	87	88	89	86	89	89
Number of FOIAs processed (Federal and Presidential).	8,889	12,406	13,485	17,512	15,771	17,182
Annual cost to process FOIAs (in millions).	$2.62	$2.72	$2.34	$2.76	$2.97	$3.16
Annual per FOIA cost.	$295	$219	$173	$158	$189	$184
Performance target for items requested in our research rooms furnished within 1 hour of request or scheduled pull time.	*95*	*95*	*90*	*93*	*94*	*94*
Percent of items requested in our research rooms furnished within 1 hour of request or scheduled pull time.	96	86	93	93	96	97
Number of researcher visits to our research rooms (in thousands).	132	136	140	129	137	131
Number of items furnished in our research rooms (in thousands).	421	520	577	553	564	578
Number of items furnished on time in our research rooms (in thousands).	405	449	538	515	539	560
Performance target for archival fixed-fee reproduction orders through SOFA are completed in 20 (35 pre-2007) working days or less.	*85*	*85*	*85*	*90*	*90*	*91*
Percent of archival fixed-fee reproduction orders through SOFA are completed in 20 (35 pre-2007) working days or less.	84	72	68	90	96	96
Average per order cost to operate fixed-fee ordering.	$28.74	$26.67	$30.59	$38.06	$40.49	$39.59
Average order completion time (days).	14	17	22	18	13	13

FY 2012 Performance Plan Evaluation   We expect to meet or exceed our published standards for customer service. The Office of Government Information Services (OGIS) will continue planning a formal mediation program. OGIS will implement an information technology solution to manage OGIS cases.

4.2 Online access to archival holdings

FY 2011 Objectives ☑ Meet 65 percent of the 2012 target for archival holdings accessible online.

Results ✓ We achieved 81 percent of the 2012 target for making archival holdings accessible online.

Discussion   The Obama Administration issued the *Open Government Directive* which promotes new lines of communication and cooperation between the Federal Government and the American people. In response to the directive, and with input from both NARA staff and the public, we crafted *NARA's Open Government Plan.* Our flagship initiative, *Develop Online Services to meet our 21st Century Needs*, addresses the following four areas of focus: a social media strategy, improved search capabilities, a website designed for staff and public participation, and a strategic approach to digitization.

We actively engage in four major strategies to increase the amount of archival material that we provide online. These strategies include partnerships to digitize selected traditional archival material, collecting existing digital copies of traditional archival material, exploring innovative NARA-led projects for digitizing archival material, and making electronic records which are "born digital" available online, as appropriate. In FY 2011, we added 81,000 1940 Census maps and enumeration district descriptions, 8,000 pages of the Report of the Office of the Secretary of Defense Vietnam Task Force (Pentagon Papers), 68 full length digitized films from the Clinton Library, nearly 2,000 digitized films held by our Motion Pictures office and 4,300 NARA images from the Mercury and Gemini projects. This is only a sampling of the digital copies of records added to our online catalog.

NARA holds the records of the 1940 Census, scheduled for public release on April 2, 2012. The Census release is widely anticipated by the genealogical and family history communities with the expectation that users will be able to search the information on the Internet. The 1940 Census schedules were transferred to NARA custody in microfilm format and could have been made available for use in that format. In keeping with government-wide goals, however, NARA decided to create opportunities for expanded online access to Census information by digitizing the microfilmed 1940 schedules. NARA's digitization lab completed digitizing 3.8 million 1940 Census schedules, maps, and enumeration district descriptions. The maps and enumeration district descriptions were added to NARA's Online Public Access portal this year. We are on target to open the records to the public in April 2012.

Performance Data	2006	2007	2008	2009	2010	2011
Performance target for percent of archival holdings accessible online.	–	–	–	–	*.30*	*.65*
Percent of traditional archival holdings available online.	–	–	.04	.04	.6	.8
Percent of electronic archival holdings available online.	2.1	1.6	1.4	1.3	1.4	TBD
Performance target for percent increase in online catalog visits.	–	–	*10*	*10*	–	—
Percent increase in online catalog visits.	-11	15	131	-6	-4	9
Number of online catalog visits (in thousands of visits).	254	291	671	631	603	657

FY 2012 Performance Plan Evaluation   We will continue to increase the number of archival holdings accessible online, whether through NARA or our partners. We will open the 1940 Census records to the public.

4.3 ONLINE CATALOG

FY 2011 Objectives   ☐   Describe 75 percent of NARA traditional holdings in the online catalog.

☑   Describe 75 percent of NARA artifact holdings in the online catalog.

☑   Describe 75 percent of NARA electronic holdings in the online catalog.

Results

✔ We described 71 percent of NARA traditional holdings in the online catalog.

✔ We described 78 percent of NARA artifact holdings in the online catalog.

✔ We described 96 percent of NARA electronic holdings in the online catalog.

Discussion   NARA's online catalog provides descriptions of holdings, artifacts, and electronic records in the custody of the National Archives. The online catalog is a comprehensive, self-service, catalog of descriptions of our nationwide holdings. The catalog contains more than 5 million descriptions and links to more than 400,000 digital images of some of our most sought after archival materials.   Each year we progress to make more of our holdings accessible online, however, it is difficult to consistently improve due to the sheer volume of records received each year.   We anticipate that full capacity of our current description system ranges between 8 and 10 million descriptions, and descriptive metadata received from our partners has already surpassed this limitation. In FY 2010, we awarded a contract for a new description tool that would provide for the addition to NARA's catalog of all metadata and images created by our partners. We are developing the next generation descriptive service that will allow us to add millions of descriptions and digital objects to the online catalog.

We began using new software that allowed us to reduce the time needed to prepare images for the catalog by 90 percent. This time savings enabled us to increase the number of digital objects in the catalog by over 160 percent. Additional storage to provide access to the digital copies created at NARA, and eventually, to those created through our digitization partnerships is needed. As part of OPA, we procured a storage solution and will be working with the new ERA operations and maintenance contractor to develop processes to add new digital content in FY 2012.

Performance Data	2006	2007	2008	2009	2010	2011
Performance target for traditional holdings in an online catalog.	*50*	*55*	*60*	*65*	*70*	*75*
Percent of traditional holdings in an online catalog.	51	56	64	70	70	71
Number of traditional holdings described in an online catalog (millions of cubic feet).	1.7	1.9	2.4	2.7	2.8	3.0
Number of traditional holdings in NARA (millions of cubic feet). *	3.3	3.3	3.7	3.9	4.0	4.2
Performance target for artifact holdings in an online catalog.	*50*	*55*	*60*	*65*	*70*	*75*
Percent of artifact holdings in an online catalog.	57	57	61	74	78	78
Number of artifact holdings described in an online catalog (thousands of items).	309	309	353	465	466	466
Number of artifact holdings in NARA (thousands of items).	544	544	582	628	600	600
Performance target for electronic holdings in an online catalog.	*20*	*55*	*60*	*65*	*70*	*75*
Percent of electronic holdings in an online catalog.	98	99	98	95	96	96

Number of electronic holdings described in an online catalog (billions of logical data records).	4.5	4.7	5.4	6.4	6.7	6.9
Number of electronic holdings in NARA (billions of logical data records).	4.6	4.7	5.5	6.7	6.9	7.2
Number of online catalog users (in thousands of visits).	254	291	671	631	603	657

* The figures for traditional holdings are less than reported in previous years by about 3,600 cubic feet (1/10th of 1 percent) due to the re-allocation of a collection stored at the Library of Congress.

FY 2012 Performance Plan Evaluation   We will continue to expand our online holdings and the percentage of our holdings described in our online catalog. The new description tool will be available to staff, replacing the existing data entry system for the online catalog. We will expand OPA's storage capacity.

4.4 WEB SITES

FY 2011 Objectives	☐ Improve NARA's score against the benchmark for excellence by 3 percentage points.
	☐ Implement *Archives.gov* in new content management system.
Results *"The site index. It cuts my search time to minimal. Nicely organized…"*	✔ We successfully launched a redesigned *Archives.gov* website.
	✔ We launched NARA@work, NARA's internal web site, in the new content management system.

Discussion   NARA measures our success in providing excellent web sites to ensure our customers experience straightforward and effortless access to our services and information.   We use the American Customer Satisfaction Index (ACSI) to determine how satisfied our online customers are with our web sites. The ASCI helps us to measure satisfaction by customer groups (e.g. genealogists, veterans, educators, students, etc.) and use this valuable feedback to understand their experience on our web sites. We identify customer-focused strategies to develop, modify, or remove web content to improve customer satisfaction levels. We apply this benchmark for excellence to our *archives.gov* web site and compare it against other Federal Government portal sites as a gauge to understand how we compare to other agencies.

We launched the redesigned *archives.gov* web site in early FY 2011. Past history shows that satisfaction scores typically go down immediately after a redesign as customers become acquainted with the new design. We noticed a decline in our third quarter where our score dropped to 69 percent, lowering our average to 72 percent. Contrary to the score results, we won the 2011 ClearMark award in the category of dynamic media - public sector. We were recognized for clearly identifying key audiences, for having a simple to use site, easy access to top tasks, and having a clean look and feel.

The survey invitation to assess customer satisfaction of our public web site presents randomly to two percent of visitors who view three or more pages. Dissatisfaction is noted among our veteran customers seeking to obtain their military service records primarily through eVetRecs. Feedback indicates that there may be difficulty in using the application. We will monitor

customer feedback to determine if the newness of the site is a factor in our decreased score, or if other factors, account for this feedback.

Performance Data	2006	2007	2008	2009	2010	2011
Online visits to NARA's web sites (in thousands).	31,897	34,871	37,807	37,470	39,036	33,600
Performance target NARA web site scores as percent of benchmarked score for other Federal web sites.	–	–	*Establish baseline*	*67*	*72*	*75*
Percentage point improvement in web sites scores.			—	3	5	-2
Web sites score at or above the benchmark for excellence as defined for Federal government web sites.*	69	67	66	69	74	72

* Website score reflects data up through the third quarter. Fourth quarter ACSI data is typically available in December.

FY 2012 Performance Plan Evaluation To improve workflow we will implement *archives.gov* in a new content management system. NARA@work will be redesigned to reflect the transformed agency structure.

Strategic Goal 5: Civic Literacy

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

Long-Range Performance Targets	5.1. By 2016, 90 percent of NARA's visitors are satisfied with their visit experience.
	5.2 By 2016, a minimum of 85 percent of NHPRC-assisted projects produce the results required, employing rigorous standards and milestones approved by the Commission.

5.1 CUSTOMER SATISFACTION WITH OUR PROGRAMS

FY 2011 Objectives	☐ 86 percent of NARA education program visitors are satisfied with their visit.
	☐ 86 percent of NARA exhibit visitors are satisfied with their visit.
	☑ 86 percent of NARA public program visitors are highly satisfied with their visit.
	☐ Identify and establish priorities on recommendations from FY 2010 AASLH study results.
	☐ Identify and establish priorities on recommendations from longitudinal study of the Public Vaults.

Results *"Best interactive history site I've seen in awhile!"*	✔ We have more than 10,000 registered users using *DocsTeach*.
"What a blessing to all generations past and present to have this history preserved."	✔ We reached an 89 percent overall satisfaction rateby museum visitors with their visit to the exhibits at the National Archives Building based on results from the AASLH Survey coupled with the Public Vaults Survey.
	✔ We met the expectations of nearly 100 percent of visitors rating our public programs.
	✔ We analyzed the results of the FY 2010 AASLH survey.
"I consider the Digital Vaults to be an effective way to engage students with change over time..."	✔ We received the results for the Public Vaults survey where feedback was compared to a study completed five years earlier.

Discussion: Our monthly workshop, *The Federal Register: What It Is and How To Use It,"* is a means of educating the public and Federal agency regulation-writers about the Federal regulatory

process embodied in the Federal Register Act and the Administrative Procedure Act, with an aim towards increasing participation in the notice-and-comment process, and improving regulation-writing.

The Presidential Libraries play a vital role in promoting an understanding not only of the Presidency, but also American history and democracy. Our Presidential Libraries host robust museum, outreach, and education programs. From Hoover through Clinton, the museums offer thought-provoking and entertaining permanent exhibits that combine documents and artifacts, photographs and film to immerse visitors in the sights and sounds of the past. While each Library has its own unique initiatives, they also collaborate on system-wide efforts to educate the public. The Libraries create programs for the public and student classrooms centered around such topics as presidential decision making. Throughout our Libraries we conduct special workshops and teacher outreach programs, and programs for adults and families.

The Presidential Libraries support open government through a variety of social media tools that encourage two-way conversations with our audiences. Web 2.0 tools in use include social networking sites, blogging, microblogging, media sharing, and a mobile application that all serve to extend online and mobile access to the Presidential Libraries. Simultaneously, these communication channels provide more opportunities for the public to learn about Presidential Library holdings, public programs, and educational content.

We want to gain insight to the degree in which our exhibits and programs have had a meaningful impact on visitors and participants. We received feedback on two surveys in FY 2011—the AASLH survey and a longitudinal survey of our Public Vaults. The AASLH survey focused on the visitor experience and the degree to which our exhibits and programs have had a meaningful impact. Initial review suggests that while overall performance remains strong, there are areas of improvement to be explored—especially in how we communicate with our visitors.

The longitudinal survey compared feedback with the previous study of the Public Vaults completed five years earlier.   We are on schedule to complete analysis of the data in early FY 2012 and adjust business practices to improve visitor experience and satisfaction rates, if the data suggests a need.

Data from the FY 2011 AASLH survey coupled with the Public Vaults survey reveal that most museum visitors are satisfied with their visit to the exhibits and satisfaction significantly increases when the Public Vaults are included in the visit. The data indicates that the public feels more welcomed, has an improved perception of staff and volunteers, shows increased satisfaction with navigating the facility, and suggests that visitors' wait times to enter the building and the Rotunda have decreased. The ratings also increased in several areas because visitors were stimulated, learned new information, and felt the exhibits and materials were trustworthy. We will closely analyze the results to identify indicators for improvement. To improve the overall satisfaction level, we are taking measures now to gather more specific feedback from visitors in key areas in FY 2012. We want to understand, for example, what people learned, how they felt about the overall presentation, and their reactions to the exhibits. Obtaining this information will enable us to better understand visitors' expectations. In addition, the National Archives Experience Phase II is a project to create space for a new exhibit gallery at the National Archives in Washington, DC. With renovations planned for the research center and exhibit gallery in the next two years, we expect to significantly improve the experience of our visitors.

Performance Data	2006	2007	2008	2009	2010	2011
Number of physical visitors to NARA museums, exhibits, research rooms and programs (in millions).	3.1	3.2	3.2	3.6	3.6	4.0
Percentage of NARA education program visitors satisfied with their visit.	–	–	–	–	*85*	*86*
NARA education program visitors satisfied with their visit.	–	–	–	–	–	–
Percentage of NARA exhibit visitors satisfied with their visit.	–	–	–	–	*85*	*86*
NARA exhibit visitors satisfied with their visit.	–	–	–	–	–	–
Percentage of NARA public program visitors satisfied with their visit.	–	–	–	–	*85*	*86*
NARA public program visitors satisfied with their visit.	96	96	97	97	99	99

FY 2012 Performance Plan Evaluation   We will implement prioritized recommendations from the FY 2010 AASLH study results and recommendations from the 2011 longitudinal study of the Public Vaults.   We will complete renovations to the research center as part of National Archives Experience Phase II renovation activities.

5.2 NHPRC-ASSISTED PROJECTS

FY 2011 Objectives   ☑   85 percent of all NHPRC-assisted grants produce the results expected.

Results

"Providing free online access to these rare documents will help Americans gain insight into critical figures who created our country…"

✓   Nearly 84 percent of all NHPRC-assisted grants successfully reached their goal and produced the results expected.

Discussion: The National Historical Publications and Records Commission (NHPRC), a statutory body affiliated with the National Archives, supports a wide range of activities to preserve, publish, and encourage the use of documentary sources relating to the history of the United States. The NHPRC grant programs fund projects that promote the preservation and use of America's documentary heritage essential to understanding our democracy, history, and culture.

In FY 2011, the NHPRC closed 98 grant projects with an 84 percent success rate. The NHPRC employs a rigorous competitive review process to determine which projects receive funds. Grant recipients come from a host of communities including colleges and universities, state, local, and tribal government archives, and nonprofit organizations. Grant projects typically range in duration from one to three years; therefore, grants awarded in any given year will not yield results until the following year at the earliest.

The NHPRC is challenged with managing grantee performance of typically more than 260 ongoing projects at any given time. To meet the challenge of managing performance of projects at various stages in the grant process, the NHPRC continues to seek ways to improve communication—specifically to applicants and grantees—about NHPRC programs, specific performance objectives, and general expectations of all Federal grantees to continuously improve our success rate. The NHPRC also provides guidance and oversight of overall grant management requirements to ensure grantees understand the relationship between achieving project objectives and careful financial management. In FY 2011, we introduced new guidance to enhance grantees' capacity to meet their performance and financial management requirements.

In FY 2011, a total of 61,500 cubic feet of archival collections were preserved by NHPRC funded projects.   The NHPRC also supported the publication of six volumes of documentary editions. In addition, an electronic records project that developed a preservation strategy for 1.2 million logical data records was completed.

The NHPRC continues to develop the web resource, *Founders Online*, a multi-year undertaking to place online over 170,000 historical documents from the nation's Founding Era. When completed in FY 2015, the public will be able to access the full, annotated transcriptions of the papers of John Adams, Benjamin Franklin, Alexander Hamilton, Thomas Jefferson, James Madison, and George Washington. Our principal partner, the University of Virginia, is gathering materials, designing a user-friendly website, and testing it with users. A preliminary version of the website will be available to the public in June 2012.

Performance Data	**2006**	**2007**	**2008**	**2009**	**2010**	**2011**
Performance target for percent of all NHPRC-assisted grants produce the results expected.	—	—	—	—	*82*	*85*
Percent of all NHPRC-assisted grants produce the results expected.	88	86	81	82	92	84

FY 2012 Performance Plan Evaluation We expect to launch the public version of the Founders Online website (www.founders.archives.gov) by June 2012.

Strategic Goal 6: Infrastructure

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

Long-Range Performance Targets	6.1. By 2016, 95 percent of employees possess the core competencies that were identified for their jobs.

6.2. By 2016, the percentages of NARA employees in underrepresented groups match that of the Civilian Labor Force (CLF).

6.3. By 2016, 60 percent of NARA's positions are filled within 80 days.

6.4 By 2016, NARA's telework rate is 100 percent of the Federal Government average rate.

6.5 By 2016, public network applications are available 99 percent of the time.

6.1 DEVELOPING EMPLOYEES

FY 2011 Objectives

☐ Maintain 95 percent of staff development plans linked to strategic outcomes.

☐ Maintain 95 percent of employee performance plans linked to strategic outcomes.

☑ Identify core competencies for 60 percent of NARA's occupations.

Results

✓ We maintained 75 percent of staff development plans linked to strategic outcomes.

✓ We maintained 91 percent of employee performance plans linked to strategic outcomes.

✓ We identified core competencies for nearly 61 percent of NARA's occupations.

Discussion: Each year we align employee performance plans and staff development plans to our agency's mission and strategic goals. These plans document the connection between the work of an employee and how it ties, either directly or indirectly to the agency's mission, and in large part, to the NARA Strategic Plan.

Staff use the development plans to identify training requirements, navigate career paths, experience different parts of the organization, understand Government operations, or close or narrow skill gaps in core competencies. Having the internal staff capabilities to execute the strategies in our strategic plan is vital to the success of the plan and the achievement of our mission. However, in FY 2011, we did not meet our targets for all staff to have performance plans and staff development plans because of the significant movement of staff during NARA's restructuring.

To ensure that we have the staff capacity that we need both now and in the future, we are systematically examining NARA's mission critical occupations and using this as the groundwork to improve many human capital functions. As competency requirements are identified, we use them as the basis for recruitment, selection, performance management, training, succession planning, and staff development.

For NARA, competency models describe the set of skills, knowledge, and abilities necessary for successful performance in a given job. We developed competency based assessments using tools such as occupational questionnaires and interview guides. We found that implementing tools such as these expedites assessments and postings. Our initial competency work focused on competency models for mission critical occupations in the archival series. In FY 2011, we expanded our competency development work to other critical positions. We developed a comprehensive rollout plan to prioritize competency modeling work throughout FY 2012 and beyond. Adhering to an aggressive schedule, we held numerous competency modeling focus groups and developed competency models and assessment content for NARA occupations across the agency. Our experiences last year taught us ways to improve and streamline the competency modeling process. Leaders throughout the agency are enthusiastic about the potential to decrease the time-to-hire based on the availability of assessments. Competency modeling allows us to increase efficiency, consistency, and continuity across our human resource systems, while also enabling NARA to identify and close the gaps between the competencies employees possess with those required for a job.

Performance Data	**2006**	**2007**	**2008**	**2009**	**2010**	**2011**
Performance target for percent of permanent staff having staff development plans that link to strategic outcomes.	*95*	*95*	*95*	*95*	*95*	*95*
Percent of permanent staff having staff development plans that link to strategic outcomes.	76	96	88	67	71	75
Number of permanent staff having staff development plans that link to strategic outcomes.	1,970	2,373	2,223	1,748	1,920	2,075
Number of permanent staff who should have a staff development plan.	2,579	2,481	2,516	2,598	2,693	2,751
Performance target for percent of staff having performance plans that link to strategic outcomes.	*95*	*95*	*95*	*95*	*95*	*95*
Percent of staff having performance plans that link to strategic outcomes.	95	97	98	96	97	91
Number of staff having performance plans that link to strategic outcomes.	2,530	2,480	2,510	2,570	2,734	2,613

FY 2012 Performance Plan Evaluation   NARA will continue to develop competency modeling and adhere to best practices that ensure high quality competency definitions and performance standards.

6.2 EQUAL EMPLOYMENT OPPORTUNITY

FY 2011 Objectives   ☐   Increase the number of employees in underrepresented groups relative to their representation in the CLF.

                ☐   Increase by 5 points the percent of positive responses to Annual Employee Survey (AES) questions referencing workforce diversity.

Results   ✓ The percent of employees in three underrepresented groups increased in their representation rates.

✓ Our positive responses to Annual Employee Survey questions referencing workforce diversity improved by 0.61 percentage points.

Discussion: NARA strives to achieve a workforce that reflects the demographics of our nation's diverse workforce. This objective relates directly to a major goal in our Strategic Human Capital Plan, "Sustain a productive, diverse workforce and achieve results by valuing and recognizing performance in an environment in which all employees are encouraged to contribute." A diverse workforce enhances our agency by ensuring that we can draw from a variety of viewpoints and experiences to improve planning and actions we take to achieve our mission and goals.   In our underrepresented groups (i.e. Women, Black/African American, Latino/Hispanic, Asian, Native Hawaiian /Pacific Islander, American Indian/Alaskan Native, and persons with targeted disabilities), we achieved modest increases in representation in three groups — Asians, Latinos/Hispanics, and American Indian/Alaskan Natives. The percentage increases have been marginal for these groups. In only one of these groups, American Indian/
Alaskan Native, we have met our target. We also met or exceeded our target for Blacks and Hawaiian/Pacific Islanders.

We continued to focus on improving our performance in hiring and promoting people in underrepresented groups through efforts to expand recruiting techniques. NARA's efforts in this area are guided by our annual Federal Equal Opportunity Recruitment Program (FEORP) plan. The FEORP contains multi-year strategic goals that together form the foundation of NARA's recruitment strategy for women and minorities. The plan also includes an annual Hispanic Employment Program plan, as mandated by the Office of Personnel Management. The FEORP plan contains 16 strategies designed to increase the number of women and minorities—especially Latino/Hispanics— who currently constitute 1.67 percent of our workforce. We continued with a program initiated several years ago through which we host interns for our Summer Diversity Internship Program, placing a particular emphasis on groups and organizations that support the Hispanic community. In addition, we established a "Diversity Champions" initiative this year, with 31 staff serving as Diversity Champions, who volunteer their time to help identify and attend local diversity recruitment and outreach events, and to make recommendations for improving NARA's diversity and outreach efforts.

NARA participates in the annual, government-wide Employee Viewpoint Survey administered by OPM as part of their ongoing effort to assess and improve human capital management in the Federal government. The survey is designed to measure Federal employees' perceptions about how effectively agencies are managing their workforces. Analysis shows that NARA employees continually express dissatisfaction in the area of promoting diversity in the workplace. We analyze the responses to four specific questions that reference workforce diversity to determine employee perception. This year, we witnessed a slight increase— 0.61 percent— in the rate of positive responses to diversity questions. Improving employee perceptions and attitudes about diversity is a complex and multi-faceted proposition that will require sustained effort over the course of many years. To strengthen NARA's focus on diversity, we created a Diversity and Inclusion Division within our Office of Human Capital. Our goal is to develop a diversity and inclusion strategic plan for the agency as well as launch a formal, agency-wide mentoring program. We also developed a strategic plan for the recruitment, hiring, and retention of

individuals with disabilities. In an effort to fully engage managers and supervisors in NARA's diversity efforts, new critical elements focused on diversity were added to their responsibilities to help NARA build stronger working relationships between supervisors and employees and cultures of accountability for managing performance. We will continue to assess our progress and remain diligent in our efforts to create a workforce more reflective of the diversity of our nation.

Performance Data	2006	2007	2008	2009	2010	2011
Number of applicants.	5,040	4,690	5,559	6,362	6,803	8,735
Number of applicants in underrepresented groups.	1,790	1,744	2,515	2,808	647	TBD
Percent of applicants in underrepresented groups.	36	37	45	44	23	TBD
Number of qualified applicants.	2,315	2,857	3,099	3,735	4,027	6,678
Percent of qualified applicants in underrepresented groups.	53	42	52	48	31	TBD
Number of best qualified applicants.	–	1,001	1,533	1,643	1,488	1,495
Percent of best qualified applicants in underrepresented groups.	–	51	52	48	27	TBD
Number of applicants hired.	256	236	334	309	199	116
Percent of applicants hired in underrepresented groups.	51	50	49	57	44	TBD
Percent of Civilian Labor Force rate used to determine if underrepresented groups met employment target.	*80*	*90*	*100*	*100*	*100*	*100*
Underrepresented groups of employees meeting target (checkmark indicates target met or exceeded) — Women — Black — Latino-Hispanic — Asian American — Hawaiian/Pacific Islander — American Indian/Alaskan Native — Targeted disability	✓ (Black) ✓ (Targeted disability)	✓ (Black) ✓ (Targeted disability)	✓ (Black) ✓ (Targeted disability)	✓ (Black) ✓ (Targeted disability)	✓ (Black) ✓ (Targeted disability)	✓ (Black) ✓ (Hawaiian/Pacific Islander) ✓ (American Indian/Alaskan Native)

FY 2012 Performance Plan Evaluation Improving performance in hiring and promoting people in underrepresented groups is an ongoing effort to achieve a workforce reflective of the society in which we live. When applying for NARA jobs, applicants are no longer using NARA's paper form where they have the option to answer questions about race, national origin, and gender. Instead, applicants are using OPM's online application, *USA Jobs.* We will work with OPM to capture this data to better understand the diversity of NARA's pool of applicants. We will develop a NARA Diversity and Inclusion Strategic Plan.

6.3 RECRUITING EMPLOYEES

FY 2011 Objectives

☐ 40 percent of NARA's positions are filled within 80 days.

☑ Fully implement an automated hiring solution.

☑ Implement NARA hiring reform action plan.

Results

- ✓ We filled 9 percent of NARA's positions within 80 days.

- ✓ We fully implemented USA Staffing for NARA's automated hiring solution.

- ✓ We successfully implemented NARA's hiring reform action plan.

Discussion: The Presidential Memorandum —*Improving the Federal Recruitment and Hiring Process*— issued by the Obama Administration, directed agencies to overhaul the way Federal Government recruits and hires the civilian workforce. As part of the Administration's agenda to implement comprehensive recruitment and hiring reform, agencies were specifically required to improve the quality and speed of the hiring process.

NARA strives to be a model for hiring efficiency and customer service among small Federal agencies. We implemented a hiring reform action plan that addresses all of the government-wide hiring reform requirements including improving the quality and speed of the hiring process, adopting streamlined hiring procedures, providing training for hiring managers and having hiring managers more involved in and accountable for the hiring process. An effective hiring process increases NARA's ability to reach the best talent in a competitive market. It mitigates the risk of lost opportunity, which happens when potential candidates accept positions elsewhere because of the lengthy hiring time.

The Federal standard for "time-to-fill" is 80 days, starting from the hiring manager's initial request to fill a vacancy to the employee's start date. NARA is committed to meeting this standard; however, we must continue to work to improve our current status. In 2011, it took an average of 144.2 days to fill a position. This is an improvement from our 2010 average of 152.2 days. To improve the hiring process, NARA fully implemented an automated hiring solution using *USA Staffing,* the Office of Personnel Management's (OPM) staffing tool. *USA Staffing,* a web-enabled software, completely automates NARA's recruitment, assessment, referral, and notification processes. This hiring solution transformed our manual, labor-intensive application process to a cost-effective, user-friendly hiring environment. It allows applicants to apply for NARA positions on-line and provides applicants with instant application acknowledgement and status updates. To further improve the hiring process, NARA is migrating to a new personnel system, *the Federal Personnel & Payroll System (FPPS),* hosted by the Department of the Interior (DOI) National Business Center (NBC), and *Quicktime*, an integrated payroll and timekeeping system. We also plan to pilot the use of Open Continuous announcements for high turnover positions at select NARA sites.

Performance Data	**2006**	**2007**	**2008**	**2009**	**2010**	**2011**
Number of applicants.	5,040	4,690	5,559	6,362	6,803	8,735
Number of applicants hired.	256	236	334	309	199	
Average number of days to fill position.	–	–	–	–	152.2	144.2
Performance target for percent of NARA's positions filled within 80 days.	–	–	–	–	*30*	*40*
Percent of NARA's positions filled within 80 days.	–	–	–	–	12	9

FY 2012 Performance Plan Evaluation We will continue to improve the quality and speed of the hiring process.

6.4 NONTRADITIONAL WORK ARRANGEMENTS

FY 2011 Objectives	☑	15 percent of NARA's eligible staff participates in the telework program.

Results	✓	Twenty-three percent of NARA's eligible staff participates in the telework program.
"I am able to have a solid day a week of uninterrupted work."		

Discussion: Non-traditional work arrangements are valuable tools to enhance the quality of employee work life. In addition, telework is a tool we can use to help recruit potential candidates, retain talented staff, and improve the productivity of our workforce. A significant number of NARA's staff are ineligible to telework due to the nature of their work. For example, staff that handle classified materials or are in positions that require face-to-face personal contact, are ineligible to participate. Of the 29 percent of staff that are eligible, 23 percent are participating.

In November 2010 we hired a Worklife Wellness Coordinator/Telework Program Manager. Following guidance of the Telework Enhancement Act, the Coordinator drafted a comprehensive telework directive, which will be revised in FY 2012. The directive will make the process, participation, and training easier to understand and follow for both employees and supervisors.

In an effort to better identify those *positions* that are eligible for telework (instead of those *employees* eligible), we will work to build a classification library and ensure that a statement is included in all newly developed or newly revised positions descriptions to indicate whether a *position* is eligible. After we migrate to a new personnel system, the Federal Payroll and Personnel System (FPPS) — a human resource information system— in April 2012, we will be able to identify specific work units that do not have reasonable telework participation rates and offer constructive intervention tactics.

Performance Data	2009	2010	2011
Percent of NARA's staff eligible to telework.	–	28	26
Performance target for percent of NARA's eligible staff in telework program.	–	*15*	*15*
Percent of NARA's eligible staff participating in the telework program.	–	16	23
Number of telework hours worked by NARA employees (in thousands).	–	63.8	112.9

FY 2012 Performance Plan Evaluation   We will issue a revised telework directive and we will identify positions that are eligible for telework to more accurately track telework participation rates.

6.5 INFORMATION TECHNOLOGY

FY 2011 Objectives	☑	Public network applications are available 98.86 percent of the time.
	☐	Conduct the Local Area Network (LAN) services review and implement upgrades as necessary.
	☐	Conduct cloud-based pilot e-mail solution with GSA and OMB.

Results

✓ Public network applications are available 99.6 percent of the time.

✓ We upgraded our storage network infrastructure, NARA's server environment, and *Remedy*, the tool used to track our help desk work.

✓ We explored partnership options to conduct the cloud-based pilot e-mail solution.

Discussion: We rely heavily on technology to conduct business with the public, to perform our jobs, and to facilitate communications. Our technological tools are essential resources that we use to communicate with our customers, provide access to digital records and research, and create venues for customers to visit our facilities and experience our exhibits through virtual worlds. The tools offer flexibility and consistency in work processes and operations.

NARA hosts several applications that are available to the public through the Internet. These systems support a variety of business applications and must be available to the public at all times. The requirements of both NARA's customers and staff using our public network applications necessitates that these tools remain stable, secure, and continuously available (i.e. 24 hours a day and 7 days a week). System upgrades and scheduled maintenance do require us to take systems off-line; however, we target off-peak times to lessen the impact to our customers. Maintaining this level of efficiency requires monitoring of our resources and services to ensure optimal performance. Last year we exceeded our target to ensure availability of public network applications.

Our public network availability fell below 100 percent, to 99.8 percent, for the first time in five years due to an unscheduled outage at Archives II in September. To address this issue, we are conducting research on solutions to provide redundant Internet access. Also, a redesign of critical DNS infrastructure is underway to ensure it is also redundant.

In addition to supporting NARA's public network applications and ensuring their security, the successful implementation and deployment of many NARA initiatives is dependent upon a robust, reliable, stable, scalable, and high performing technology infrastructure. To provide this infrastructure and based on the results of our services review, we implemented a storage network infrastructure and upgraded NARA's server environment and *Remedy*. We implemented wireless capability at seven of the remaining eight Presidential Libraries. The Franklin D. Roosevelt Library could not be upgraded this year due to the facility's renovation, but will gain wireless capability in FY 2012.

We took steps toward performing a pilot program for a cloud-based e-mail program, to determine technical issues and challenges. When our partner informed us that it would be unable to fulfill its obligations described in the inter-agency agreement, we began exploring new partnership options, but also ran into roadblocks. We will continue to look into potential partnership opportunities with other agencies who have successfully completed a migration to cloud e-mail. Additionally, we will consider options for deploying our own cloud e-mail solution directly with a solution provider.

Performance Data	2006	2007	2008	2009	2010	2011
Percent of public network availability.	100	100	100	100	100	99.8
Performance target for percent availability of public applications.	*98.9*	*98.80*	*98.83*	*98.84*	*98.85*	*98.86*
Percent of public network applications availability.	98.9	99.4	99.5	99.5	99.7	99.5
Number of total hours that any public network application was unavailable.	830	504	424	414	305	459
Percent of customers highly satisfied with NARA helpdesk services (average for year).	–	65	83	87	87	83

FY 2012 Performance Plan Evaluation   We will continue expanding our technological infrastructure by finishing implementation of wireless capability at the remaining Presidential Libraries. For the cloud-based e-mail pilot, we will continue exploring partnership opportunities with other agencies or a solution directly with a solution provider.

FY 2011 PROGRAM EVALUATIONS

Strategic Goal 1: Records Management

Government Accountability Office, GAO-11-605, *Social Media: Federal Agencies Need Policies and Procedures for Managing and Protecting Information They Access and Disseminate*, June 2011

> This audit served to review Federal agencies' use of commercially provided social media services. Specifically, the objectives were to (1) describe how Federal agencies are currently using commercially provided social media services, and (2) determine the extent to which Federal agencies have developed and implemented policies and procedures for managing and protecting information associated with this use. There is one recommendation associated with this report, which remains open.

Strategic Goal 3: Electronic Records

Office of Inspector General, OIG Report 11-08, *Management Letter: Electronic Records Archive Lacks Ability to Search Records' Contents*, January 5, 2011

> This management letter describes to the Archivist concerns with the ability of ERA users to conduct a content search of the system's electronic records. There are no specific recommendations in this management letter.

Office of Inspector General, OIG Report 11-12, *Management Letter: Limitations on the ability to ingest, search and access records in the Electronic Records Archives*, May 4, 2011

> This management letter describes to the Archivist concerns with limitations on the ability to ingest, search and access records in the Electronic Records Archives. There are no specific recommendations in this management letter.

Office of Inspector General, OIG Report 11-13, *Management Letter: Potential LMC Award Fee for the Period April 1, 2010-September 30, 2010 for the Electronic Records Archives Development Contract*, June 15, 2011

> This management letter describes to the Archivist concerns with the potential award fee for Lockheed Martin Corporation for the period April 1, 2010-September 30, 2010 for the Electronic Records Archives development contract. There are no specific recommendations in this management letter.

Office of Inspector General, OIG Report 11-16, *Advisory Report: Implementation Status of the Electronic Records Archives System Requirements*, July 15, 2011

> This management letter describes to the Archivist concerns with the implementation status of Electronic Records Archives system requirements. There are no specific recommendations in this management letter.

Government Accountability Office, GAO-11-86, *Electronic Records Archives: National Archives Needs to Strengthen Its Capacity to Use Earned Value Techniques to Manage and Oversee Development*, January 2011

> The purpose of this audit was to assess whether NARA is adequately using earned value management (EVM) techniques to manage the acquisition for the Electronic Records Archives (ERA) and to evaluate the earned value data to determine ERA's cost and schedule performance. There are eight recommendations associated with this audit, all of which remain open.

Government Accountability Office, GAO-11-299, *Electronic Government: National Archives and Records Administration's Fiscal Year 2011 Expenditure Plan*, March 2011

> The purpose of this audit was to review the Fiscal Year 2011 Electronic Records Archives (ERA) funding plan to determine whether the plan satisfies legislative conditions; to determine the extent to which NARA has implemented prior GAO recommendations; and to provide any other observations on the plan or the ERA acquisition. There are six recommendations associated with this audit, all of which remain open.

Strategic Goal 5: Civic Literacy

Office of Inspector General, OIG Report 11-03, *Audit of NARA's Oversight of Selected Grantees' Use of Grant Funds*, February 16, 2011

> The objective of this audit was to determine whether management controls are adequate to ensure (1) grants are properly administered, (2) grant goals and objectives are met, and (3) grant funds are adequately accounted for and appropriately used. There are four recommendations associated with this audit, all of which remain open.

Strategic Goal 6: Infrastructure

Office of Inspector General, OIG Report 11-01, *Audit of NARA's Movement of Freight*, November 3, 2010

> The objective of this audit was to determine if controls are effective and efficient to ensure that NARA obtains the best value and most economical prices for the movement of freight. There are three recommendations associated with this audit, two of which remain open.

Office of Inspector General, OIG Report 11-02, *Network Vulnerability Assessment and Penetration Testing*, October 18, 2010

> The Inspector General contracted with Clifton Gunderson LLP to conduct vulnerability assessment and penetration testing of NARA's internal and external network infrastructure and environment. The purpose of this testing was to assist NARA in the protection of its IT infrastructure, environment, and digital assets.

Office of Inspector General, OIG Report 11-05, *Audit of NARA's Security Guard Contract for AI and AII*, February 18, 2011

> The purpose of this audit was to determine whether NARA was properly administering the security contract for the physical protection of the NARA properties located in Washington, DC, and College Park, MD, and whether the contractor was performing in accordance with contract requirements. There are seven recommendations associated with this audit, six of which remain open.

Office of Inspector General, OIG Report 11-06, *Audit of the NARANet Server Upgrade Project*, November 30, 2010

> The objective of this audit was to assess whether the NARANet Server Upgrade Project was developed in accordance with NARA requirements and system development was adequately managed and monitored to ensure requirements were met in the most economical and efficient manner. Additionally, the audit focused on the decision to upgrade to the latest versions of Novell products. There are seven recommendations associated with this audit, all of which remain open.

Office of Inspector General, OIG Report 11-07, *Audit of NARA's Photocopier Security*, March 22, 2011

> The objective of this audit was to determine if appropriate security measures were in place to safeguard and prevent inappropriate release of sensitive information and Personally Identifiable Information (PII) residing on NARA photocopiers that contain hard drives. There are seven recommendations associated with this audit, all of which remain open.

Office of Inspector General, OIG Report 11-09, *Audit Memorandum: Follow-up of NARA's Work at Home System (WAHS)*, January 31, 2011

> The objective of this audit was to determine whether the RSA tokens were fully used; whether terminated employees were still assigned tokens for remote access; and whether token holders were susceptible to social engineering. There are no specific recommendations associated with this audit.

Office of Inspector General, OIG Report 11-10, *Audit of the Controls over Inappropriate Personal Use of the Internet at NARA*, March 9, 2011

> The objective of this audit was to assess the effectiveness of the controls and procedures NARA has in place to fully implement its policy over the staff's usage of the internet.

Office of Inspector General, OIG Report 11-14, *Audit of NARA's Foreign and Premium Travel,* July 7, 2011

> The objective of the audit was to determine whether premium and foreign travel was appropriately authorized and properly managed in accordance with Federal Travel Regulations (FTR) and agency policies. There are six recommendations associated with this audit, all of which remain open.

Office of Inspector General, OIG Report 11-15, *Audit of NARA's Drug Testing Program*, July 7, 2011

> The objective of this audit was to determine whether controls were adequate to facilitate an effective drug testing program.

Office of Inspector General, OIG Report 11-17, *Audit of the Trusted Internet Connections Initiative at NARA*, September 30, 2011

> The purpose of this audit was to assess NARA's efforts to meet the Trusted Internet Connections (TIC) initiative and determine whether NARA had adequately prepared and planned to meet the goals of the TIC initiative.

Office of Inspector General, OIG Report 11-18, *Management Letter: Continued Security Concerns at AI and AII*, August 2, 2011

> This management letter describes to the Archivist concerns with the failure to implement appropriate corrective action in response to the audit recommendations in OIG No. 11-05. There are no specific recommendations in this management letter.

Office of Inspector General, OIG Report 11-19, *Management Letter: Review of Applied Polymorphism Subcontract Costs*, August 11, 2011

> This management letter brings to the Archivist's attention a contracting situation that may place NARA at risk for improper and unsupported payments to a contractor. There are two audit reports to follow at a later date.

Office of Inspector General, OIG Report 11-20, *Audit of NARA's Telework Policy*, September 30, 2011

> The objective of this audit was to determine whether NARA is fully capitalizing on the identified benefits of telework and administering its telework program in accordance with Federal regulation and NARA policy.

Office of Inspector General, OIG Report 11-21, *Review of Costs for Lockheed Martin Corporation Subcontracts with Applied Polymorphism,* LLC, September 30, 2011

> Pursuant to a request made by NARA's ERA contracting officials, the OIG completed a review of selected aspects of subcontracts awarded to Applied Polymorphism, LLC. This is the first of two reports detailing results of the review of subcontract costs. A second report, to be issued in FY 2012, will contain a discussion of other aspects of the contract, such as the selection used by Lockheed Martin and subcontract deliverables.

Office of Inspector General, OIG Report OI 11-01, *Management Letter: Unsupported Desktop Operating System*, June 28, 2011

> The purpose of this management letter is to advise the Archivist on the results of an inquiry into whether the desktop operating software used to operate most of the PCs on NARA's network would no longer receive software updates including critical security upgrades. There are no specific recommendations in this management letter.

Multi-Goal Evaluations

Office of Inspector General, OIG Report 11-04, *Cotton & Company, Independent Auditor's Report on Internal Control*, November 12, 2010

> The Inspector General contracted with Cotton & Company to conduct an audit of NARA's FY 2010 financial statements. There are four recommendations associated with this audit, all of which remain open, as well as several pending from prior year reports.

Government Accountability Office, GAO-11-15, *National Archives and Records Administration: Oversight and Management Improvements Initiated, but More Action Needed*, November, 2010

> The objective of this audit was to assess NARA's effectiveness in overseeing the governmentwide management of records. There are six recommendations associated with this audit, all of which remain open.

Government Accountability Office, GAO-11-20, *Information Security: National Archives and Records Administration Needs to Implement Key Program Elements and Controls*, November, 2010

> The purpose of this audit was to determine whether NARA has effectively implemented appropriate information security controls to protect the confidentiality, integrity, and availability of the information and systems that support its mission.

Government Accountability Office, GAO-11-390, *National Archives: Framework Governing Use of Presidential Library Facilities and Staff*, February 2011

> The purpose of this audit was to describe the principal laws, regulations, and NARA policies that govern library-foundation relationships and the appropriate use of library facilities and staff. There are no specific recommendations associated with this audit.

Business Support Services, Security Management Division, *Physical Security and Life Safety Inspection*, March-April 2011

> The office conducted an inspection at the National Archives Building in Washington, DC. The inspection resulted in three findings, all of which remain open with planned completion dates in FY 2012.

Business Support Services, Security Management Division, *Physical Security and Life Safety Inspection*, April 2011

> The office conducted an inspection at the San Bruno Records Center in San Bruno, CA. The inspection resulted in three findings, two of which remain open with planned completion dates in FY 2012.

Business Support Services, Security Management Division, *Physical Security and Life Safety Inspection*, July 2011

The office conducted an inspection at the Herbert Hoover Library in West Branch, IA. The review resulted in two findings, with responses due in the first quarter of FY 2012.

Office of Presidential Libraries, *Program Review*, March 2011

The office conducted a program review of the Presidential Materials Staff in Washington, D.C. The review resulted in fifteen findings, all of which remain open.

Office of Presidential Libraries, *Program Review*, April 2011

The office conducted a program review of the George W. Bush Library in Lewisville, TX. The review resulted in twenty-four findings, all of which remain open.

Federal Records Management Evaluations

Under 44 U.S.C 2904(c)(8), the Archivist of the United States is required to report to Congress and the Office of Management and Budget (OMB) annually on the results of records management activities. NARA fulfills this requirement through the Performance and Accountability Report. This report focuses on Federal agency activities related to identifying, scheduling, and transferring electronic records to NARA, as well as reporting on allegations of unauthorized disposal or removal of Federal records. We also recognize the two agencies that received special awards for effective records management at NARA's Records Administration Conference (RACO) in May 2011.

Records Management Achievement

In FY 2011, NARA presented Archivist Achievement Awards to the Department of Agriculture, Risk Management Agency (RMA), and to the National Mediation Board (NMB). Both agencies have demonstrated success in implementing innovative technological solutions to electronically managing electronic records.

RMA has deployed a Sharepoint electronic recordkeeping solution to more than 500 users in 27 locations around the country. Their system, called eRMS (Electronic Records Management System), manages the capture, maintenance, categorization, and disposition of electronic records. It is a model that other agencies can follow that includes a strong training program with mandatory re-training requirements.

NMB received an award for its mature electronic recordkeeping solution designed for a paperless office called the Corporate Memory System (CMS). For the past six years, all records have been created and maintained in the CMS, with no new paper records created. Filing into CMS is mandatory and they are pushing toward 100% compliance. To help accomplish this, a performance evaluation element for managers includes successful enforcement of staff using the CMS. The retention periods in the system aligns to a 2005 NARA-approved big-bucket schedule for all electronic records in the agency.

Agency Records Management Self-Assessments

In 2009, we developed a methodology and a process for conducting and reporting oversight activities on Federal agencies' records management programs. This methodology includes inspections, agency self-assessments, surveys, studies, and other tools for collecting and reviewing information about Federal records management activities. NARA's annual records management self-assessment is one such oversight mechanism. The goal of the records management self-assessment is to measure how effective Federal agencies are in meeting the statutory and regulatory requirements for records management. The self-assessment gathers data about agencies' records management policies and practices.

In May 2010, we issued a second records management self-assessment. We distributed the self-assessment to 270 Federal agencies and received 251 completed responses for a response rate of 93 percent. The report on the FY 2010 self-assessment is available at http://www.archives.gov/records-mgmt/pdf/rm-self-assessmemt.pdf.

In May 2011, we issued the third annual second records management self-assessment. This time we distributed the self-assessment to 279 Federal agencies and received 247 completed responses for a response rate of 89 percent. This year's self-assessment focused on agencies' oversight of

their records management activities and the transfer of permanent records to NARA. We also conducted more extensive validation of agencies' responses to 13 questions. The report on the FY 2011 self-assessment will be published on the NARA website in early FY 2012.

Records Management Inspections

Under 44 U.S.C 2904(c)(7) and 2906, NARA is authorized to inspect the records management programs of Federal agencies for the purpose of recommending improvements. NARA currently inspects a limited number of agencies annually, targeting highly significant aspects of the agency's records management program.

In 2011, NARA completed inspections of two important components of the Department of Defense: the Office of the Secretary of Defense (OSD) and the National Geospatial-Intelligence Agency (NGA). NARA's inspection report for each agency, including findings and recommendations, is available at: http://www.archives.gov/records-mgmt/resources/inspections.html.

OSD Inspection

The OSD inspection covered three high-profile elements of the agency's records management program. The first involved recordkeeping practices in the Office of the Under Secretary of Defense for Intelligence [OUSD(I)]. The second was Evault, an "electronic archives" used by OSD for both e-mail and electronic files on the shared drive. The final element was the Executive Archives, a body of largely permanent, high-level OSD policy records in electronic format, and a separate collection of scanned copies of similar records.

NARA's inspection report presented a number of findings and made nine recommendations for actions by OSD. An important finding was that some OSD offices are not regularly storing e-mail records in a records management application (or printing and filing) or consistently ensuring the proper disposition of electronic records on shared drives. To address this issue, the report recommended that OSD submit a plan to NARA outlining how proper management will be carried out for the e-mails and shared-drive files in Evault.

In FY 2011, OSD submitted, and NARA approved, an Action Plan for carrying out the report's recommendations. In FY 2012 and later, NARA will track OSD's execution of the recommendations and provide advice on this effort.

NGA Inspection

The NGA inspection focused on the transfer of permanent hard copy map products from NGA to the physical and legal custody of NARA. The inspection also included a review of NGA's records management program, particularly as it operates within the Directorates responsible for developing map products.

NARA's inspection report presented a number of findings and made 19 recommendations for actions by NGA, including one regarding NGA locating legacy maps in its holdings and transferring them to NARA. The report also requires NGA to provide a report of a major flood in 1993 of the St. Louis facilities of NGA's predecessor agency, the Defense Mapping Agency, during which permanently valuable maps may have been lost.

During the first quarter of FY 2012, NGA will be submitting its Action Plan to address these recommendations. Electronic versions of hard copy map products and any unique electronic products will be covered by a separate inspection and subsequent report scheduled for completion in FY 2012.

Records Management Guidance

NARA develops policy guidance on records creation, management, and disposition that drives continuous improvement of management of Federal records and information. During FY 2011, NARA developed guidance on managing records created on Web 2.0 and social media platforms, maintenance of mixed media case files, and maintenance of records created in a telework environment.

NARA promulgated a [Bulletin](#) that provides guidance on managing records produced when Federal agencies use web 2.0/social media platforms for Federal business and further expands on NARA's existing web guidance. The Bulletin discusses how open and transparent government increasingly relies on the use of these technologies, and as agencies adopt these tools, how they must comply with all records management laws, regulations, and policies. The Bulletin also details the records management challenges associated with the use of web 2.0/social media and discusses potential strategies for addressing them.

NARA promulgated a [Bulletin](#) that provides agencies with guidance about the records management implications when records in various types of media are intermixed in one file (e.g., case files consisting of part hardcopy and another part electronic). The Bulletin defines mixed media, reminds agencies of lifecycle management requirements for electronic records per NARA regulations, discusses how Federal agencies are currently creating and managing mixed-media files, and details some of challenges associated with mixed-media files.

NARA promulgated a records management [FAQ](#) in support of Office of Personnel Management (OPM) statutory requirements detailed in the Telework Enhancement Act of 2010. The FAQ reiterates basic records management guidance from NARA to agencies and their employees that applies in a telework environment.

Electronic Records Scheduled

In FY 2011, NARA continued its partnerships with Federal agencies to increase the number of electronic records series and systems scheduled across the Government and to increase the number of permanent electronic records transferred to the National Archives. Continuing the approach begun in 2004 following the passage of the E-Government Act of 2002, NARA concentrated on the important electronic records of the CFO Act agencies to ensure that all existing records are scheduled even though the September 30, 2009, deadline established by NARA in accordance with the Act has passed. NARA's continuing efforts to monitor agency electronic record scheduling progress (as described in NARA Bulletin 2010-02) will ensure that agency business assets are maintained for as long as needed to protect the legal and financial rights of the Government and its citizens, and to preserve records of enduring historical value.

In FY 2011, NARA continued to provide support to agencies to help them schedule their electronic records. For FY 2011, NARA set a goal to work with Federal agencies to schedule 902 electronic records series and electronic systems from the following CFO Act agencies and their components and bureaus. Additionally, as part of the FY 2011 deployment of NARA's Electronic Records Archives (ERA) system, NARA required these agencies to use ERA to submit their records schedules to NARA:

Department of Homeland Security
Department of Health and Human Services
Department of Transportation
Department of Justice
Department of the Treasury
Environmental Protection Agency
Department of Commerce
Department of Interior
Department of Education
Department of Agriculture
Department of Labor
Central Intelligence Agency
Department of Defense
Department of State
Nuclear Regulatory Commission

As of September 30, 2011, NARA met 114 percent of this goal, and approved schedules for 1,031 electronic systems and series of records. Although the deployment of ERA to all Federal agencies will not be completed until the end of FY 2012, in FY 2011, NARA established a baseline for records scheduled submitted in ERA of 54 records schedules, from which NARA will work with agencies to increase beginning in FY 2012.

NARA will continue to advocate for the scheduling of electronic records, including requesting data from agencies on their scheduling efforts consistent with NARA Bulletin 2010-02. As of the date of this report, we are in the process of reviewing submissions from agencies to determine where follow up or supplemental information is needed. NARA views electronic record scheduling as an ongoing activity and we will continue to provide oversight, guidance, and training to ensure that all Federal agencies are compliant with the requirements in NARA Bulletins and the E-Government Act.

Electronic Records Transferred to NARA

In FY 2011, NARA registered 257 transfers of permanent electronic records from 51 separate agencies, which represents an increase of 65 transfers from FY 2010. Forty-four percent of all electronic records transfers in FY 2011 were received through the ERA system. The table below lists the agencies that have transferred electronic records to the National Archives for permanent preservation in FY 2011.

Agency	Number of Transfers Received FY 2011
Administration on Aging	1
Agency for Health Care Research and Quality	1
Agricultural Marketing Service	3
Agricultural Research Service	1
Bureau of Labor Statistics	2

Agency	Number of Transfers Received FY 2011
Bureau of Naval Personnel	1
Bureau of Public Debt	1
Bureau of Reclamation	1
Census, Bureau of the	32
Centers for Disease Control and Prevention	7
Central Command	1
Citizenship and Immigration Services, U. S.	1
Defense Information Systems Agency	1
Defense, Office of the Secretary of	3
Department of Justice	2
Department of State	3
Education, Department of	1
Environmental Protection Agency	16
Equal Employment Opportunity Commission	4
Executive Office of the President	8
FBI	30
Federal Aviation Administration	4
Federal Communications Commission	3
Federal Highway Administration	1
Federal Railroad Administration	1
Federal Reserve System	16
Food and Drug Administration	1
Foreign Agriculture Service	2
Health Resources and Services Administration	4
Housing and Urban Development, Department of	2
Labor-Management Services Administration	1
Marine Corps	1
Mine Safety and Health Administration	1
National Aeronautics and Space Administration	67
National Agricultural Statistics Service	7
National Geospatial - Intelligence Agency	1
National Institute of Standards and Technology	1
National Labor Relations Board	1
National Mediation Board	1
National Oceanic and Atmospheric Administration	2
National Park Service	1
National Science Foundation	2

Agency	Number of Transfers Received FY 2011
Nuclear Regulatory Commission	1
Office of Surface Mining	1
Office of the Judge Advocate General (Army)	1
Patent and Trademark Office	1
Small Business Administration	1
Temporary Committees, Commissions and Boards	4
U. S. Attorneys	6
U.S. Information Service	1
USGS	1
TOTAL	**257**

Alleged Unauthorized Disposition of Federal Records

Under 44 USC 3106, Federal agencies are required to notify the Archivist of the United States of any alleged unauthorized disposition of the agency's records. NARA also receives notifications from other sources such as the news media and private citizens. NARA establishes a case to track each allegation and communicates with the agency until the issue is resolved. Summary statistics on FY 2011 cases are as follows:

Open cases, start of FY 2011:   28
Cases opened in FY 2011:   12
Cases closed in FY 2011:   7
Open cases, end of FY 2011:   33

Of the 33 cases open at the end of FY 2011, nine cases are involved in ongoing litigation and three cases are under investigation by the agency. NARA monitors the status of these cases and is not reporting them here. Table 1 lists the 21 cases that are open and are pending action by the agency or review by NARA. Table 2 lists the seven cases closed in FY 2011.

Table 1: Open cases pending agency action or NARA review

Case Opened	Agency	Records	Status
August 1998	**Dept. of Army**, Office of Deputy Chief of Staff for Operations and Plans	Records of action officers	Pending agency response or follow-up
March 1999	**Dept. of Interior**, Bureau of Indian Affairs	Records of Crow Agency, Montana	Pending agency response or follow-up
July 2007	**Federal Labor Relations Authority**	Records of FLRA Chair	Pending agency response or follow-up
April 2008	**Dept. of Defense,**	Video recordings of	Pending NARA review

Case Opened	Agency	Records	Status
	Office of Secretary of Defense	interrogations	
May 2008	**Dept. of Defense,** Defense Intelligence Agency	Video recordings of interrogations of terrorism suspect	Pending agency response or follow-up
December 2008	**Dept. of Defense,** Office of the Secretary of Defense	Documents relating to torture issue	Pending agency response or follow-up
February 2009	**Dept. of Homeland Security**	Hard copies of Secretary's briefing books	Pending agency response or follow-up
August 2009	**Federal Trade Commission**	Consumer complaint letters	Pending NARA review
November 2009	**Dept. of Defense,** Office of Secretary of Defense	E-mail and electronic records of Coalition Provisional Authority, Iraq	Pending agency response or follow-up
November 2009	**Dept. of Veterans Affairs**	Records destroyed by flood	Pending agency response of follow-up
March 2010	**Dept. of Interior,** Bureau of Indian Affairs, Office of the Special Trustee for American Indians	Records at agency locations in western U. S.	Pending agency response or follow-up
June 2010	**Securities and Exchange Commission**	Matter Under Inquiry files	Pending agency response or follow-up
August 2010	**Dept. of Interior,** Bureau of Indian Affairs, Office of the Special Trustee for American Indians	Records in agency facility in Albuquerque, NM	Pending agency response or follow-up
October 2010	**Dept. of Labor,** Bureau of Labor Statistics	LabStat electronic records	Pending NARA review
December 2010	**Dept. of Energy**	Oil shale research records	Pending NARA review
February 2011	**Dept. of Health and Human Services**	E-mail of the Secretary	Pending agency response or follow-up
April 2011	**Dept. of Energy**	Records relating to Yucca Mountain site	Pending agency response or follow-up
April 2011	**Dept. of Homeland Security**	Water-damaged records of Office of Intelligence & Analysis	Pending agency response or follow-up
April 2011	**Dept. of Homeland Security,** Federal Emergency Management Agency	Remedial Action Management Program records	Pending agency response or follow-up
August 2011	**Dept. of Justice,**	U.S. Attorney subject files	Pending NARA review

Case Opened	Agency	Records	Status
	Executive Office for U.S. Attorneys		
September 2011	**Securities and Exchange Commission**	Investigative case files	Pending agency response or follow-up

Table 2 covers cases of alleged unauthorized disposition closed in FY 2011. The table specifies those allegations that are founded, for which the agency takes corrective action to prevent additional unauthorized dispositions.

Table 2: Cases closed in FY 2011

Case Opened	Agency	Records	Resolution
January 2010	**Dept. of Agriculture,** Food and Nutrition Service	Records relating to food stamp program	Allegation not founded
February 2010	**Dept. of Justice,** Office of Legal Counsel	E-mail records	Allegation founded – corrective action taken
July 2010	**Environmental Protection Agency**	E-mails concerning contaminated site, Nebraska	Allegation founded – corrective action taken
October 2010	**Dept. of Justice,** Executive Office for U.S. Attorneys	U.S. Attorney records from 12 Districts	Allegation founded – corrective action taken
October 2010	**Dept. of Labor**	Office of Workers Compensation Programs case file	Allegation not founded
February 2011	**Environmental Protection Agency**	Radiation and Indoor Environments National Laboratory records	Allegation founded – corrective action taken
March 2011	**Dept. of Justice,** Federal Bureau of Investigation	Buffalo Field Office file	Allegation founded – corrective action taken

Definitions

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

Goal 1	Our Nation's Record Keeper
Federal agency reference request	A request by a Federal agency to a records center requesting the retrieval of agency records.

Goal 2	Preserve and Process
Accession	Archival materials transferred to the legal custody of NARA.
Appropriate space	Storage areas that meet physical and environmental standards for the type of materials stored there.
At-risk	Records that have a media base near or at the point of deterioration to such an extent that the image or information in the physical media of the record is being or soon will be lost, or records that are stored on media accessible only through obsolete or near-obsolete technology.
Declassification Program review	An evaluation by the Information Security Oversight Office (ISOO) of the declassification aspects of an executive branch agency's security classification program to determine whether an agency has met the requirements of Executive Order 13526. The review may include the appropriateness of agency declassification actions, the quality of agency actions to identify classified equities of other agencies, and the appropriateness of agency action to exempt records from automatic declassification based upon application of declassification guidance or the application of file series exemptions approved by the Interagency Security Classification Appeals Panel (ISCAP). The results of a declassification program review, along with any appropriate recommendations for improvement, are reported to the designated agency senior official for Executive Order 13526.
Equity-holding agency	An agency that may have classified information in a document, whether or not it created the document. Without providing a waiver for the declassification of its equities, only the equity-holding agency can declassify information in the document.

Goal 3	Electronic Records
Gigabyte	An International System of Units (SI) standard unit. A measure of computer data size. A gigabyte is one thousand megabytes, $1,000^3$ bytes. Referred to as gibibyte when using the **International Electrotechnical Commission standard unit** based on a multiplier of 1024 bytes as a measure for a Kilobyte.
Logical data record	A set of data processed as a unit by a computer system or application independently of its physical environment. Examples: a word processing document; a spreadsheet; an email message; each row in each table of a relational database or each row in an independent logical file database.
Megabyte (Mb)	An International System of Units (SI) standard unit. A measure of computer data size. A megabyte is one million bytes, $1,000^2$ bytes.

	Referred to as mebibyte when using the **International Electrotechnical Commission standard unit** based on a multiplier of 1024 bytes as a measure for a Kilobyte).
Preserved	(1) The physical file containing one or more logical data records has been identified and its location, format, and internal structure(s) specified; (2) logical data records within the file are physically readable and retrievable; (3) the media, the physical files written on them, and the logical data records they contain are managed to ensure continuing accessibility; and (4) an audit trail is maintained to document record integrity.
Terabyte (Tb)	An International System of Units (SI) standard unit. A measure of computer data size. A terabyte is one million megabytes, $1,000^4$ bytes Referred to as tebibyte when using the **International Electrotechnical Commission standard unit** based on a multiplier of 1024 bytes as a measure for a Kilobyte.

Goal 4	Access
Artifact holdings	Object whose archival value lies in the thing itself rather than in any information recorded upon it.
Electronic holdings	Born digital records on electronic storage media.
Logical data record	A set of data processed as a unit by a computer system or application independently of its physical environment. Examples: a word processing document; a spreadsheet; an email message; each row in each table of a relational database or each row in an independent logical file database.
Online visit	One person using our web site is counted as one "visit." It is a count of the number of visitors to our web site, and is similar to counting the number of people who walk through our front door. In contrast, it does not count "hits," which refers to the number of files used to show the user a web page. A visit in which a user accessed a web page comprising 35 files would count as 1 visit and 35 hits. Counting visits is a more accurate way of showing how much use our web site is getting than counting hits.
Traditional holdings	Books, papers, maps, photographs, motion pictures, sound and video recordings, and other documentary material that are not stored on electronic media.
Written requests	Requests for services that arrive in the form of letters, faxes, email messages, and telephone calls that have been transcribed. Excludes Freedom of Information Act requests, personnel information requests at the National Personnel Records Center, Federal agency requests for information, fulfillment of requests for copies of records, requests for museum shop products, subpoenas, and special access requests.

Goal 6	Infrastructure
Applicant	Any U.S. citizen who completed an application for a specific position.

Leadership position | A supervisory position at grade GS-13 or above and non-supervisory positions at grade 15 or above.

NARANET | NARANET is the primary general support system of NARA, providing standard desktop applications, email and calendaring functions, network transport and Internet access to NARA staff and support personnel.

Staff development plan | An individualized plan to enhance employees' knowledge, skills, and abilities and improve performance in their current jobs or of duties outside their current jobs, in response to organizational needs and human resource plans.

Underrepresented groups | Groups of people tracked by the U.S. Equal Employment Opportunity Commission: Minority groups (Black/African American, Latino-Hispanic, Asian, Native Hawaiian/Pacific Islander, and American Indian/Alaskan Native); Women; People with Disabilities.

SECTION 3

FINANCIAL SECTION

A Message from the Chief Financial Officer

The National Archives and Records Administration has received an unqualified "clean" audit opinion on its FY 2011 financial statements and has made significant progress in addressing several long-standing internal control deficiencies. However, I am disappointed that NARA's FY 2011 audit opinion includes a material weakness over financial reporting for the first time in six years.
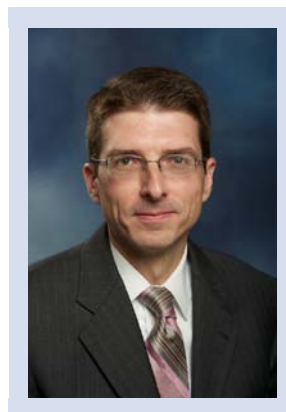
During current period, NARA has discovered a material misstatement in its FY 2010 Combined Statement of Budgetary Resources (SBR). In October 2010, NARA identified valid business activity not accounted for in the FY 2010 preliminary financial statements. NARA posted an adjusting entry to record additional revenues, using incorrect budgetary U.S. Standard General Ledger accounts. As a result, the FY 2010 SBR overstated budgetary resources by approximately $11.3 million, well above NARA's materiality threshold.

NARA's FY 2011 Consolidated Statement of Budgetary Resources and associated notes include a restatement of FY 2010 balances. NARA's decision to restate demonstrates the agency's commitment to integrity and transparency in all operations. The restatement also corrects the FY 2011 beginning balance and ensures that erroneous financial reporting in FY 2010 does not carry-forward into the FY 2011 financial statements.

Except as indicated in the preceding paragraphs and in the Independent Auditor's Report, I can provide reasonable assurance that the objectives of section 2 of the Federal Managers' Financial Integrity Act have been achieved. NARA has ensured that the specific actions leading to the FY 2010 misstatement were not repeated in FY 2011 reporting. NARA has developed an aggressive corrective action plan to significantly enhance internal controls to correct this material weakness in agency financial reporting in FY 2012.

I am confident that NARA's planned corrective actions will ensure the integrity and reliability of NARA financial reports and I am optimistic that this material weakness will be eliminated in FY 2012.

Micah M. Cheatham
Chief Financial Officer

Auditor's Reports (FY 2011)
Inspector General's Summary

NATIONAL ARCHIVES AND RECORDS ADMINISTRATION
ANNUAL FINANCIAL STATEMENT
FISCAL YEAR 2011

OFFICE OF INSPECTOR GENERAL
COMMENTARY AND SUMMARY

This audit report contains the audited financial statements of the National Archives and Records Administration (NARA) for the fiscal years (FY) ended September 30, 2011 and 2010. We contracted with the independent certified public accounting firm of Cotton & Company LLP (C&C) to perform the fiscal year 2011 and 2010 audits. The audits were conducted 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 Government Accountability Office and President's Council on Integrity and Efficiency's *Financial Audit Manual*.

In its audits of NARA's financial statements, C&C's opinion states that the financial statements present fairly, in all material respects, the financial position of NARA as of September 30, 2011 and 2010, and its net cost, changes in net position, and budgetary resources (the last as restated for 2010) for the years then ended, in conformity with accounting principles generally accepted in the United States of America. The FY 2010 Statement of Budgetary Resources has been restated to correct a misstatement related to year-end revenue accrual for unfilled customer orders.

C&C reported one material weakness[1] in internal control over financial reporting in the area related to the review of manual journal entries. C&C reported no significant deficiencies[2] and disclosed no instances of noncompliance with certain provisions of laws and regulations.

In connection with the contract, we reviewed C&C'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, conclusions about the effectiveness of internal control, or conclusions on compliance with laws and regulations. C&C is responsible for the attached auditor's report dated November 10, 2011, and the conclusions expressed in the report. However, our review disclosed no instances where C&C did not comply, in all material aspects, with generally accepted government auditing standards.

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[1] A material weakness is a deficiency, or combination of deficiencies, in internal control, such that there is a reasonable possibility that a material misstatement of an entity's financial statement will not be prevented, or detected and corrected on a timely basis.
[2] A significant deficiency is a deficiency, or combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

Independent Auditor's Report (FY 2011)

Cotton&
Company

Cotton & Company LLP
635 Slaters Lane
4th Floor
Alexandria, VA 22314

P: 703.836.6701
F: 703.836.0941
www.cottoncpa.com

The Inspector General
National Archives and Records Administration

INDEPENDENT AUDITOR'S REPORT

We have audited the accompanying Consolidated Balance Sheets of the National Archives and Records Administration (NARA) as of September 30, 2011 and 2010, and the related Statements of Net Cost, Changes in Net Position, and Budgetary Resources (the last statement as restated for 2010) for the years then ended. These financial statements are the responsibility of NARA management. Our responsibility is to express an opinion on the financial statements based on our audits.

We conducted our audits in accordance with auditing standards generally accepted in the United States of America; standards applicable to financial statement audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and Office of Management and Budget (OMB) audit guidance. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating overall financial statement presentation. We believe that our audits provide a reasonable basis for our opinion.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of NARA as of September 30, 2011 and 2010, and its net cost, changes in net position, and budgetary resources (the last as restated for 2010) for the years then ended, in conformity with accounting principles generally accepted in the United States of America.

As discussed in Note 21 to the financial statements, the fiscal year (FY) 2010 Statement of Budgetary Resources has been restated to correct a material misstatement related to the year-end revenue accrual for unfilled customer orders. We previously issued our auditor's report dated November 12, 2010, on the FY 2010 financial statements. The section of our FY 2010 auditor's report dealing with the FY 2010 Statement of Budgetary Resources should no longer be relied upon, as that statement was materially misstated. Our FY 2010 auditor's report is replaced by this report, which provides our opinion on the FY 2010 restated financial statements.

We also issued our report dated November 12, 2010, on internal control over financial reporting and compliance with laws and regulations as of September 30, 2010. In that report, we stated that we did not find any material weaknesses. In our FY 2011 audit, we determined that there was a material weakness as of September 30, 2010. Our report on internal control for FY 2011 describes this material weakness.

The information in *Management's Discussion and Analysis* and *Required Supplementary Information* sections is not a required part of the consolidated financial statements, but is supplementary information required by accounting principles generally accepted in the United States of America. We did not audit this information and, accordingly, we express no opinion on it. We did, however, compare

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this information for consistency with the financial statements and discussed methods of measurement and presentation with NARA officials. On the basis of this limited work, we found no material inconsistencies between the financial statements and U.S. generally accepted accounting principles or OMB financial reporting requirements.

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

In accordance with *Government Auditing Standards,* we also issued two other reports dated November 14, 2011. The first report is on our consideration of NARA's internal control over financial reporting and compliance with laws and regulations. The second report is on our tests of NARA's compliance with certain provisions of laws and regulations and other matters. Those reports are an integral part of an audit performed in accordance with *Government Auditing Standards* and should be read in conjunction with this report in considering the results of our audits.

COTTON & COMPANY LLP

Colette Y. Wilson
Partner

Alexandria, Virginia
November 14, 2011

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**Cotton&
Company**

Cotton & Company LLP
635 Slaters Lane
4th Floor
Alexandria, VA 22314

P: 703.836.6701
F: 703.836.0941
www.cottoncpa.com

The Inspector General
National Archives and Records Administration

INDEPENDENT AUDITOR'S REPORT ON INTERNAL CONTROL

We have audited the financial statements of the National Archives and Records Administration (NARA) as of September 30, 2011 and 2010 (as restated), and have issued our report thereon dated November 14, 2011. That report contained our unqualified opinion on the financial statements for fiscal year (FY) 2011 and on the restated financial statements for FY 2010. We conducted our audits in accordance with auditing standards generally accepted in the United States of America; standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and Office of Management and Budget (OMB) audit guidance.

NARA management is responsible for establishing, maintaining, and assessing internal control to provide reasonable assurance that the broad control objectives of the Federal Managers' Financial Integrity Act are met. The objectives of internal control are as follows:

- **Financial reporting:** Transactions are properly recorded, processed, and summarized to permit the preparation of financial statements in conformity with U.S. generally accepted accounting principles, and assets are safeguarded against loss from unauthorized acquisition, use, or disposition.
- **Compliance with laws and regulations:** Transactions are executed in accordance with (1) laws governing the use of budget authority, (2) other laws and regulations that could have a direct and material effect on the financial statements, and (3) any other laws, regulations, and government-wide policies identified by OMB audit guidance.

In planning and performing our audits, we considered NARA's internal control over financial reporting and over compliance with laws and regulations. We did this as a basis for designing our procedures for auditing the financial statements and not to express an opinion on internal control. Accordingly, we do not express an opinion on internal control over financial reporting and over compliance with laws and regulations.

Our consideration of internal control was for the limited purpose described in the previous paragraph. Thus, it was not designed to identify all deficiencies in internal control that might be deficiencies, significant deficiencies, or material weaknesses; therefore, there can be no assurance that all deficiencies, significant deficiencies, or material weaknesses have been identified. As discussed below, however, we identified a deficiency in internal control that we consider to be a material weakness.

A deficiency in internal control exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct misstatements on a timely basis. A material weakness is a deficiency, or combination

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of deficiencies, in internal control, such that there is a reasonable possibility that a material misstatement of an entity's financial statements will not be prevented, or detected and corrected on a timely basis. We consider the following deficiency in NARA's internal control to be a material weakness.

We issued our report dated November 12, 2010, on internal control over financial reporting and compliance with laws and regulations as of September 30, 2010. In that report, we stated that we did not identify any material weaknesses. In our FY 2011 audit, we determined that there was a material weakness as of September 30, 2010. As a result of this material weakness, management failed to detect an $11.3 million misstatement affecting the Statement of Budgetary Resources (SBR). The FY 2010 SBR was restated, and the misstatement is described in Note 21 to the financial statements.

This material weakness as of September 30, 2010 is described below. This material weakness still exists as of September 30, 2011.

Review of Manual Journal Entries

Management does not have an effective process for the analysis and review of manual, non-routine journal entries, especially those made after the normal adjustment and review process. As a result, misstatements to the financial statements might not be detected and corrected.

At the end of FY 2010, NARA's Revolving Fund (BCR) made an error in recording a year-end accrual. An incorrect methodology and posting logic was used and the BCR director did not detect or prevent the error during the review and approval of the journal entry. Additional controls were not in place to detect and prevent the error from being reported in the financial statements, as the Financial Reports Staff (BCF), the organization responsible for preparing the financial statements, was not required to approve the journal entry from BCR and did not review it as it was prepared and submitted after the normal adjustment and review period. This journal entry contained erroneous postings that resulted in an overstatement of Budgetary Resources and an understatement of Obligated Balances on the Statement of Budgetary Resources in the amount of $11.3 million.

BCF discovered the FY 2010 error during the normal year-end closing and financial statement preparation process for FY 2011. However, as of September 30, 2011, management had not developed adequate control procedures regarding the review of manual journal entries prepared and submitted subsequent to the normal adjustment period. Accordingly, we consider this weakness to be a material weakness for FY 2011 as well.

Government Accountability Office's (GAO) Internal Control Standards, GAO/AIMD-00-21.3.1 (11/99) page 11 states:

> *Control activities occur at all levels and functions of the entity. They include a wide range of diverse activities such as approvals, authorizations, verifications, reconciliations, performance reviews, maintenance of security, and the creation and maintenance of related records which provide evidence of execution of these activities as well as appropriate documentation.*

We recommend that:

1. BCF develop, document, and implement procedures that require the review and approval of all manual journal entries prepared and submitted during and after the normal adjustment period. In addition, management should communicate these procedures to all involved in the process.

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2. BCR, as well as other offices, thoroughly review the methodologies and supporting documentation for all journal entries approved and submitted for financial reporting throughout the year (as required by current procedures).

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

STATUS OF PRIOR-YEAR RECOMMENDATIONS

We reviewed the status of NARA's corrective actions with respect to the significant deficiency from the prior-year report on internal control. Appendix B to this report provides details of the status of recommendations.

In addition to the above, we noted certain matters involving internal control and its operation that will be reported to NARA management in a separate letter. These include the remaining open items in Appendix B.

Because of inherent limitations in internal control, misstatements due to error or fraud, losses, or noncompliance may nevertheless occur and not be detected. We also caution that projecting our evaluation to future periods is subject to the risk that controls may become inadequate because of changes in conditions or that the degree of compliance with controls may deteriorate.

This report is intended solely for the information and use of NARA management, NARA Office of Inspector General, the Government Accountability Office, OMB, the Congress of the United States, and those who have read NARA's financial statements, our report on those financial statements, and our report on compliance with laws and regulations. This report is not intended to be and should not be used by anyone other than those parties.

COTTON & COMPANY LLP

Colette Y. Wilson, CPA
Partner

Alexandria, Virginia
November 14, 2011

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APPENDIX A
MANAGEMENT COMMENT

NATIONAL
ARCHIVES

ARCHIVIST *of the*
UNITED STATES

DAVID S. FERRIERO
T: 202.357.5900
F: 202.357.5901
david.ferriero@nara.gov

10 November 2011

To: Paul Brachfeld, Inspector General
From: David S. Ferriero, Archivist of the United States
Subject: Management response to FY 2011 Audit Report

Thank you for the opportunity to respond to your reports, *Independent Auditor's Report on Internal Control* and *Independent Auditor's Report on Compliance with Laws and Regulations*.

NARA acknowledges the challenges identified in these reports and concurs in all recommendations of the independent auditor. We are disappointed with the new material weakness over financial reporting. NARA is instituting a broad range of measures which will strengthen internal controls over financial reporting. In particular, NARA is developing formal policies governing the review and approval of manual journal entries and assuring accountability for these adjustments, as recommended by the independent auditor.

NARA will continue to work diligently to address the challenges identified in FY 2011, improve agency financial management, and ensure the accuracy and reliability of agency financial statements. I would like to thank the Office of Inspector General and Cotton & Company, LLP for their efforts and cooperation through the audit process.

NATIONAL ARCHIVES *and*
RECORDS ADMINISTRATION
700 PENNSYLVANIA AVENUE, NW
WASHINGTON, DC 20408-0001
www.archives.gov

APPENDIX B
NATIONAL ARCHIVES AND RECORDS ADMINISTRATION
STATUS OF PRIOR-YEAR RECOMMENDATIONS
SEPTEMBER 30, 2011

APPENDIX B
NATIONAL ARCHIVES AND RECORDS ADMINISTRATION
STATUS OF PRIOR-YEAR RECOMMENDATIONS
SEPTEMBER 30, 2011

We present below the status of recommendations from our prior-year reports on internal control over financial reporting and compliance with laws and regulations. In our FY 2010 report, we found a significant deficiency related to various components of NARA's information technology. NARA has made progress in this area, and some of our recommendations have been closed. Recommendations that remain open are considered deficiencies and will be reported in a separate letter to management.

Condition/Audit Area and Recommendations	Status as of September 30, 2011
Access Controls	
1. Implement a process for managing NARANet accounts that:	Open
a) Ensures all accounts are tied to a specific individual who has the responsibility for managing the account and determining the ongoing need for non-login accounts.	
b) Ensures all access and privileges of terminated employees are promptly removed.	
2. Implement a process for managing RCPBS accounts that:	
a) Requires a recertification of all system accounts at least annually.	Closed
b) Implements a more restrictive password age control that is consistent with requirements for federal information systems.	Open
3. Ensure that supervisors receive training in their exit clearance process responsibilities, including alerting applicable personnel when employees and contractors under their supervision no longer require access.	Open
4. Develop and implement policies and procedures that prohibit RCPBS users from having multiple accounts as well as the ability to enter and approve their own transactions.	Open
5. Require a record of logged-in users creating account requests to show that requests are being generated by a supervisor, not the user.	Open
6. Implement the following recommendations related to NARANet logging and monitoring:	Open
a) Reconfigure audit settings within the NARANet Novell environment to log group membership add and delete activities.	
b) Continue with the implementation of Netforensic and, once in place, ensure that procedures exist for identifying key events that will be alerted to	

Condition/Audit Area and Recommendations	Status as of September 30, 2011
and reviewed by management on a periodic basis.	
c) Continue with efforts to audit account creations, deletions, and modifications within OFAS and develop standard procedures for regularly reviewing and monitoring application audit logs.	
d) Enable logging of all events within RCPBS, required by NARA IT Security Methodology for Audit and Accountability, and develop standard procedures for regularly reviewing and monitoring application activity logs.	
7. Assign one individual to the shared OFAS account, or split responsibilities of the shared account to additional administrator accounts, to allow accountability of administrator activities to be established.	Closed
Contingency Planning	
8. Update the contingency and disaster recovery plans for RCPBS to reflect current operating conditions.	Closed
Configuration Management	
9. Improve upon NARA's current router and firewall build process by updating their standard configuration file to be based on NIST-approved security checklists for router and firewall platforms and devices in use by NARA. We also recommend that the final standard configuration be documented and compared against devices to monitor for configuration compliance on a periodic basis.	Closed
Security Management	
10. Complete risk assessments for all NARANet components.	Closed
11. Finalize and approve security plans for all NARANet components.	Closed
12. Certify each NARANet component, then certify and accredit the entire NARANet general support system.	Open
13. Implement policies and procedures which require the completion of security and awareness training before being granted access to NARA information systems.	Closed

Cotton&
Company

Cotton & Company LLP
635 Slaters Lane
4th Floor
Alexandria, VA 22314

P: 703.836.6701
F: 703.836.0941
www.cottoncpa.com

The Inspector General
National Archives and Records Administration

INDEPENDENT AUDITOR'S REPORT ON COMPLIANCE AND OTHER MATTERS

We have audited the financial statements of the National Archives and Records Administration (NARA) as of September 30, 2011 and 2010 (as restated), and have issued our report thereon dated November 14, 2011. That report contained our unqualified opinion on the financial statements for fiscal year (FY) 2011 and on the restated financial statements for FY 2010. We conducted our audits in accordance with auditing standards generally accepted in the United States of America; standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and Office of Management and Budget (OMB) audit guidance.

NARA management is responsible for complying with laws and regulations applicable to NARA. As part of obtaining reasonable assurance about whether NARA's financial statements are free of material misstatements, we performed tests of NARA's compliance with certain provisions of laws and regulations that have a direct and material effect on the financial statements. We did not test compliance with all laws and regulations applicable to NARA. We limited our tests of compliance to those provisions of laws and regulations that OMB audit guidance requires we test if deemed applicable to the financial statements for the fiscal year ended September 30, 2011. We caution that noncompliance may have occurred and may not have been detected by these tests, and that such testing may not be sufficient for other purposes.

Our tests of compliance with laws and regulations described in the preceding paragraph disclosed no instances of material noncompliance that are required to be reported under *Government Auditing Standards* and OMB audit guidance. Providing an opinion on compliance with certain provisions of laws and regulations was not, however, an objective of our audit: accordingly we do not express such an opinion.

This report is intended solely for the information and use of NARA management, NARA Office of Inspector General, the Government Accountability Office, OMB, the Congress of the United States, and those who have read NARA's financial statements, our report on those financial statements, and our report on internal control. This report is not intended to be and should not be used by anyone other than those parties.

COTTON & COMPANY LLP

[signature]

Colette Y. Wilson
Partner

Alexandria, Virginia
November 14, 2011

Financial Statements and Additional Information (FY2011)
Principal Statements

Consolidated Balance Sheet
As of September 30, 2011 and 2010
(in thousands)

	2011	2010
Assets		
Intragovernmental		
Fund balance with Treasury (Note 2)	$ 240,713	$ 284,115
Investments (Note 3)	9,204	9,894
Accounts receivable (Note 4)	14,350	14,189
Total intragovernmental	264,267	308,198
Cash	54	53
Investments (Note 3)	27,954	26,914
Accounts receivable, net (Note 4)	512	325
Inventory, net (Note 5)	1,029	1,029
General property, plant and equipment, net (Note 6)	452,780	444,405
Deferred Assets	710	759
Total assets	**$ 747,306**	**$ 781,683**
Stewardship PP&E (Note 7)	-	-
Liabilities		
Intragovernmental		
Accounts payable	$ 5,216	$ 6,096
Other (Note 8,10,11)	4,387	5,722
Total intragovernmental	9,603	11,818
Accounts payable	49,699	50,290
Debt held by the public (Note 8, 9)	166,895	180,981
Federal employee benefits-actuarial FECA (Note 8)	10,865	11,241
Other (Note 8, 10)	21,285	27,511
Total liabilities	258,347	281,841
Commitments and Contingencies (Note 12)	-	-
Net Position		
Unexpended appropriations - other funds	167,447	196,770
Cumulative results of operations - earmarked funds (Note 13)	36,841	36,961
Cumulative results of operations - other funds	284,671	266,111
Total net position	$ 488,959	$ 499,842
Total liabilities and net position	**$ 747,306**	**$ 781,683**

The accompanying notes are an integral part of these statements

Consolidated Statement of Net Cost
For the years ended September 30, 2011 and 2010

(in thousands)

	2011	2010
Program Costs (Note 14)		
Records and Archives-Related Services		
Gross costs	$ 397,853	$ 386,529
Less: Earned revenues	(280)	(361)
Total Net Records and Archives-Related Services Program Costs	397,573	386,168
Trust and Gift Funds		
Gross costs (excluding heritage asset renovation)	14,901	15,338
Less: Earned revenues	(16,481)	(17,230)
Total Net Trust and Gift Fund Costs	(1,580)	(1,892)
Electronic Records Archives		
Gross costs	21,002	17,127
Less: Earned revenues	-	-
Total Net Electronic Records Archives Program Costs	21,002	17,127
National Historical Publications and Records Commission Grants		
Gross costs	8,408	8,773
Less: Earned revenues	-	-
Total Net National Historical Publications and Records Commission Grants Program Costs	8,408	8,773
Archives Facilities and Presidential Libraries Repairs and Restoration		
Gross costs (excluding heritage asset renovation)	1,468	(287)
Heritage asset renovation costs (Note 15)	23,518	29,855
Less: Earned revenues	-	-
Total Net Archives Facilities and Presidential Libraries Repairs and Restoration Program Costs	24,986	29,568
Revolving Fund Records Center Storage and Services		
Gross costs	184,894	172,655
Less: Earned revenues	(172,793)	(162,283)
Total Net Revolving Fund Records Center Storage and Services Program Costs	12,101	10,372
Net Cost of Operations	$ 462,490	$ 450,116

The accompanying notes are an integral part of these statements

Consolidated Statement of Changes in Net Position
For the years ended September 30, 2011
(in thousands)

	2011		
Cumulative Results of Operations	**Earmarked Funds**	**All Other Funds**	**Consolidated Total**
Beginning Balance	$ 36,961	$ 266,111	$ 303,072
Budgetary Financing Sources			
Appropriations Used	-	456,728	456,728
Nonexchange Revenue	636	-	636
Donations and forfeitures of cash and cash equivalents	989	-	989
Transfers-in/out without reimbursement	(585)	585	-
Other	394	-	394
Other Financing Sources (Non-Exchange)			
Donations and forfeitures of property	60	-	60
Transfers-in/out without reimbursement	(60)	1,874	1,814
Imputed financing	498	20,385	20,883
Other	(574)	-	(574)
Total Financing Sources	1,358	479,572	480,930
Net Cost of Operations	1,478	461,012	462,490
Net Changes	(120)	18,560	18,440
Cumulative Results of Operations	**36,841**	**284,671**	**321,512**
Unexpended Appropriations			
Beginning Balance	-	196,770	196,770
Budgetary Financing Sources			
Appropriations received	-	434,868	434,868
Other adjustments	-	(7,463)	(7,463)
Appropriations used	-	(456,728)	(456,728)
Total Budgetary Financing Sources	-	(29,323)	(29,323)
Total Unexpended Appropriations	-	167,447	167,447
Net Position	**$ 36,841**	**$ 452,118**	**$ 488,959**

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

The accompanying notes are an integral part of these statements

Consolidated Statement of Changes in Net Position
For the years ended September 30, 2010
(in thousands)

	2010		
Cumulative Results of Operations	**Earmarked Funds**	**All Other Funds**	**Consolidated Total**
Beginning Balance	$ 35,018	$ 230,912	$ 265,930
Budgetary Financing Sources			
Appropriations Used	-	462,482	462,482
Nonexchange Revenue	670	-	670
Donations and forfeitures of cash and cash equivalents	1,512	-	1,512
Transfers-in/out without reimbursement	(608)	608	-
Other	108	-	108
Other Financing Sources (Non-Exchange)			
Imputed financing	543	20,940	21,483
Other	1,003	-	1,003
Total Financing Sources	3,228	484,030	487,258
Net Cost of Operations	1,285	448,831	450,116
Net Changes	1,943	35,199	37,142
Cumulative Results of Operations	**36,961**	**266,111**	**303,072**
Unexpended Appropriations			
Beginning Balance	-	193,346	193,346
Budgetary Financing Sources			
Appropriations received	-	469,870	469,870
Other adjustments	-	(3,964)	(3,964)
Appropriations used	-	(462,482)	(462,482)
Total Budgetary Financing Sources	-	3,424	3,424
Total Unexpended Appropriations	-	196,770	196,770
Net Position	**$ 36,961**	**$ 462,881**	**$ 499,842**

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

The accompanying notes are an integral part of these statements

Combined Statement of Budgetary Resources
For the years ended September 30, 2011 and 2010
(in thousands)

	2011	Restated 2010
Budgetary Resources		
Unobligated balance brought forward, October 1:	$ 98,930	$ 97,826
Recoveries of prior year unpaid obligations	8,275	9,848
Budget Authority		
Appropriation	437,470	473,020
Spending authority from offsetting collections		
Earned		
Collected	213,840	201,692
Change in receivables from Federal sources	491	(546)
Change in unfilled customer orders		
Advance received	510	(386)
Without advance from Federal sources	(5,660)	1,029
Expenditure transfers from trust funds	683	799
Subtotal	647,334	675,608
Permanently not available	21,449	16,833
Total budgetary resources	$ 733,090	$ 766,449
Status of Budgetary Resources		
Obligations Incurred		
Direct	463,337	469,798
Reimbursable	205,773	197,721
Subtotal	669,110	667,519
Unobligated Balance		
Apportioned	43,359	80,337
Exempt from apportionment	6,035	5,129
Subtotal	49,394	85,466
Unobligated balance not available	14,586	13,464
Total status of budgetary resources	$ 733,090	$ 766,449
Change in Obligated Balance		
Obligated balance, net		
Unpaid obligations, brought forward, October 1	$ 219,741	$ 194,925
Less: Uncollected customer payments from Federal sources, brought forward October 1	(24,609)	(24,126)
Total unpaid obligated balance, net	195,132	170,799
Obligations incurred net	669,110	667,519
Less: Gross outlays	(675,143)	(632,854)
Less: Recoveries of prior year unpaid obligations, actual	(8,275)	(9,848)
Change in uncollected customer payments from Federal sources	5,168	(483)
Obligated balance, net, end of period		
Unpaid obligations	205,433	219,741
Less: Uncollected customer payments from Federal sources	(19,441)	(24,609)
Total, unpaid obligated balance, net, end of period	185,992	195,132
Net Outlays		
Gross outlays	675,143	632,854
Less: Offsetting collections	(215,032)	(202,106)
Less: Distributed offsetting receipts	(2,610)	(3,152)
Net Outlays	$ 457,501	$ 427,596

The accompanying notes are an integral part of these statements

Notes to Principal Statements

Note 1—Summary of Significant Accounting Policies

A. Reporting Entity

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

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

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

General Funds

- Operating Expenses

    o 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.

    o Archives Related Services—Provides for the publication of the Federal Register, the Code of Federal Regulations, the U.S. Statutes-at-Large, and Presidential documents, and for a program to improve the quality of regulations and the public's access to them. This activity also includes the administration and reference service portions for the National Historical Publications and Records Commission.

    o The National Archives at College Park—Provides for construction and related services of the archival facility which opened to the public at the end of 1993.

- Electronic Records Archives—Provides for research, analysis, design, development and program management to build an Electronic Records Archive (ERA) that will ensure the preservation of and access to Government electronic records.

- Repairs and Restoration—Provides for the repair, alteration, and improvement of Archives facilities and Presidential Libraries nationwide. It funds the National Archives' efforts to provide adequate storage for holdings, to maintain its facilities in proper condition for public visitors, researchers, and employees in NARA facilities, and maintain the structural integrity of the buildings.

- National Historical Publications and Records Commission Grants—Provides for grants funding that the Commission makes, to local, state, and private institutions nationwide, to preserve and publish records that document American history.

Intragovernmental Fund

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

Trust Funds

- National Archives Gift Fund —The National Archives Trust Board solicits and accepts gifts or bequests of money, securities, or other personal property for the benefit of or in connection with the national archival and records activities administered by the National Archives and Records Administration (44 U.S.C. 2305).

- National Archives Trust Fund—The Archivist of the United States furnishes, for a fee, copies of unrestricted records in the custody of the National Archives (44 U.S.C. 2116). Proceeds from the sale of copies of microfilm publications, reproductions, special works and other publications, and admission fees to Presidential Library museums are deposited in this fund.

B. Basis of Accounting and Presentation

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

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

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

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

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

D. Accounts Receivable

Accounts receivable primarily consists of amounts due from Federal agencies, which are expected to be collected, and therefore are not considered for allowance for uncollectible accounts. For amounts due from the public, NARA directly writes off uncollectible receivables based on an analysis of the outstanding balances.

E. Investments in Securities

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

NARA also employs the services of a third party capital management firm to monitor and manage the endowments, received pursuant to Title 44 U.S.C. section 2112, for the George Bush Library and Clinton Library. The purpose of the endowment is to provide income to offset the operations and maintenance costs of the corresponding Presidential library.   Each endowment is reflected as a

separate investment account in a Collective Fund. NARA also exercises its authority under Title 44 U.S.C. section 2306, to move a portion of federally held investments for the Presidential Libraries to a third party investment firm, The Vanguard Group. All third party investments are recorded at fair value and interest income earned is recognized on a monthly basis.

F. Inventories

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

G. Property, Plant and Equipment

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

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

H. Federal Employee Benefits

Employee Health and Life Insurance Benefits

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

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

Employee Retirement Benefits

All permanent NARA employees participate in either the Civil Service Retirement System (CSRS) or the Federal Employee Retirement System (FERS). NARA makes the required employer contributions to CSRS and FERS and matches certain employee contributions to the thrift savings component of FERS. All of these payments are recognized as operating expenses. The pension expense recognized in the financial statements equals the current service cost for NARA's employees for the accounting period less the amount contributed by the employees. OPM, the administrator of these plans, supplies NARA with factors to apply in the calculation of the service cost. These factors are derived through actuarial cost methods and assumptions. The excess of the recognized pension expense over the amount contributed by NARA and its employees represents the amount being financed directly by OPM and is considered imputed financing to NARA; appearing as an imputed cost on the Statement of Net Cost and an imputed financing source on the Statement of Changes in Net Position.

Workers' Compensation Program

The Federal Employees Compensation Act (FECA) provides income and medical cost protection to covered Federal civilian employees injured on the job, to employees who have incurred work-related occupational diseases, and to beneficiaries of employees whose deaths are attributable to

job-related injuries or occupational diseases. The FECA program is administered by the U.S. Department of Labor (DOL), which pays valid claims and subsequently seeks reimbursement from NARA for these paid claims.

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

I. Accrued Annual, Sick and Other Leave

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

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

J. Use of Estimates

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

K. Contingencies and Commitments

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

L. Allocation of Program Management Cost

NARA is comprised of various Operating Administrations, each having its own management and organizational structure. NARA allocates its general management and administrative support to its major components, Records and archives–related services and Revolving fund. General management costs are not allocated to the Trust and Gift Funds, since they are administered by the National Archives Trust Fund Board, which is an organization independent of, and not funded by, NARA (see Note 13). All other programs appearing on the Statement of Net Cost, such as Electronic Records Archives and National Historic Publications and Records Commission Grants are, in essence, a part of the Archives and Records Management Activities, which funds the related administrative costs. These sub-programs are shown separately for the purpose of demonstrating accountability and custodial responsibility for the funds received for these programs.

M. Earmarked Funds

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

future use to finance the designated activities, benefits, or purposes; and (3) a requirement to account for and report on the receipt, use, and retention of the revenues and other financing sources that distinguishes the earmarked fund from the Government's general revenues.

N. Subsequent Events

We have evaluated subsequent events and transactions occurring after September 30, 2011 through the date of the auditors' opinion for potential recognition or disclosure in the financial statements. This is also the date that the financial statements were available to be issued.

Note 2 – Fund Balance with Treasury

Fund balances (in thousands)	2011	Restated 2010
Appropriated funds	$ 220,324	$ 258,240
Revolving fund	19,741	25,104
Trust fund	265	427
Gift fund	103	201
Other funds	280	143
Total	$ 240,713	$ 284,115

Status of Fund Balances with Treasury		
Unobligated Balance		
Available	39,855	75,376
Unavailable	14,586	13,464
Obligated Balance not yet disbursed	185,992	195,132
Other funds	280	143
Total	$ 240,713	$ 284,115

Unavailable unobligated balance includes the following		
Allotments - Expired Authority	$ 14,586	$ 13,464

Restricted donations, included in the available unobligated and obligated balance above, are obligated in accordance with the terms of the donor. All donations to Presidential Libraries and the National Archives with specific requirements are considered restricted as to purpose. The endowments for the Presidential Libraries are restricted and have been obligated and invested in non-federal investments. The restricted balance as of September 30, 2011 is $14,083 thousand (of which $901 thousand is unobligated) and $14,033 thousand as of September 30, 2010 (of which $753 thousand is unobligated).

Other Funds represent non-entity FBWT funds, consisting of revenue collected and due to the Reagan and Clinton foundations, subject to revenue sharing agreements with the Trust Fund.

The unused fund balance of $3,395 thousand in canceled appropriation for FY 2006 was returned to Treasury at the end of the fiscal year.

Note 3 – Investments

Investments as of September 30, 2011 and 2010 consist of the following

(in thousands)

		Amounts for 2011			
	Cost	Interest Receivable	Investments, Net	Other Adjustments	Market value disclosure
Intragovernmental Securities					
Non-Marketable	$ 9,204	-	$ 9,204	-	$ 9,204
Total Intragovernmental	**$ 9,204**		**$ 9,204**	**-**	**$ 9,204**
Other securities					
Vanguard Dividend Growth Fund	1,113	10	1,123	57	1,180
Vanguard Small Cap Index Fund	1,171	-	1,171	(147)	1,024
Vanguard Intermediate Term Investment-Admiral	12,228	-	12,228	380	12,608
Emerging Markets Stock Index Fund	1,149	19	1,168	(161)	1,007
Vanguard Developed Markets Index Fund	1,397	30	1,427	(333)	1,094
Vanguard Total Bond Market Index Fund	7,558	-	7,558	809	8,367
Vanguard Total Stock Market Index Fund	1,792	2	1,794	(172)	1,622
Vanguard PRIMECAP Core Fund	1,023	10	1,033	19	1,052
Total Other	$ 27,431	$ 71	$ 27,502	$ 452	$ 27,954
Total Investments	**$ 36,635**	**$ 71**	**$ 36,706**	**$ 452**	**$ 37,158**

Amounts for 2010

	Cost	Interest Receivable	Investments, Net	Other Adjustments	Market value disclosure
Intragovernmental Securities					
Non-Marketable	$ 9,894	-	9,894	-	9,894
Total Intragovernmental	**$ 9,894**	**$ -**	**$ 9,894**	**$ -**	**$ 9,894**
Other securities					
Vanguard Dividend Growth Fund	734	5	739	60	799
Vanguard Small Cap Index Fund	393	1	394	36	430
Vanguard Intermediate Term Investment	11,880	-	11,880	819	12,699
Emerging Markets Stock Index Fund	974	9	983	86	1,069
Vanguard Developed Markets Index Fund	1,375	11	1,386	(193)	1,193
Vanguard Total Bond Market Index Fund	7,376	-	7,376	728	8,104
Vanguard Total Stock Market Index Fund	1,715	3	1,718	(148)	1,570
Vanguard PRIMECAP Core Fund	1,012	6	1,018	32	1,050
Total Other	$ 25,459	$ 35	$ 25,494	$ 1,420	$ 26,914
Total Investments	**$ 35,353**	**$ 35**	**$ 35,388**	**$ 1,420**	**$ 36,808**

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

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

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

Note 4 – Accounts Receivable, Net

Accounts receivable consisted of the following:

(in thousands)

	2011		2010	
	Intra-governmental	With the public	Intra-governmental	With the public
Accounts receivable	**$ 14,350**	**$ 512**	**$ 14,189**	**$ 325**

Note 5 – Inventory, Net

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

(in thousands)

	2011	2010
Inventory held for sale	$ 1,285	$ 1,285
Allowance for damaged and obsolete goods	(256)	(256)
Net realizable value	**$ 1,029**	**$ 1,029**

Note 6 - General Property, Plant and Equipment, Net

The following components comprise Property, Plant and Equipment as of September 30, 2011 and 2010 *(in thousands):*

				2011	2010
Asset category	Estimated useful life in years	Acquisition cost	Accumulated depreciation/ amortization	Net book value	Net book value
Land	N/A	$ 6,159	-	$ 6,159	$ 6,159
Buildings and structures	30	393,797	(221,747)	172,050	182,143
Construction and shelving in progress	N/A	12,150	-	12,150	17,910
Equipment & Shelving	3 to 20	135,336	(80,112)	55,224	46,622
Leasehold Improvements	5	27,088	(7,279)	19,809	11,868
Assets under capital lease	20	5,284	(4,019)	1,265	1,530
Internal-use software	5	281,149	(149,646)	131,503	100,026
Software development in progress	N/A	54,620	-	54,620	78,147
Total property, plant and equipment		**$ 915,583**	**$ (462,803)**	**$ 452,780**	**$ 444,405**

NARA capitalizes property items with a unit cost equal to or exceeding $50 thousand, and construction and internal-use software development projects with the total development cost of $250 thousand or greater, and a useful life exceeding two years.

Depreciation expense is calculated using the straight-line method over the useful life. Property items not meeting the capitalization criteria are expensed.

Land and Buildings and structures presented on the Balance Sheet are deemed to be multi-use heritage assets. Assets deemed purely heritage assets are not included on the balance sheet. See Note 7 for further detail.

Internal-use software includes commercial off-the-shelf (COTS) software and internally developed or contractor developed software.

Note 7 - Stewardship PP&E

NARA is a custodian to multiple assets classified as heritage, including the National Archives Building in Washington, DC, all Presidential Libraries, as well as traditional and electronic holdings, and a variety of artifacts. These heritage assets are integral to the mission of the National Archives and Records Administration to safeguard, preserve, and ensure continuing access to the records of our Government.

Heritage assets, with the exception of those designated as multi-use, are not included on the Balance Sheet, as no financial value is nor can be placed on these assets. The costs of repairs and renovations to the heritage asset buildings are presented separately on the Statement of Net Cost as "Heritage asset renovation costs,"and detailed in Note 15.

The major categories of heritage assets for NARA are buildings, land, and NARA's archival holdings and artifacts. NARA reports archival holdings by collection (e.g. Presidential, regional) and type of holdings (e.g. traditional, electronic), to more closely align with NARA's processes to maintain and preserve archival holdings.

	Buildings	Multi-Use Land	Traditional Holdings Collections	Electronic Holdings Collections	Artifacts Collections
National Archives Building	1	-	1	1	1
National Archives Building at College Park	1 (multi-use)	-	1	1	1
NARA regional archives	1 (multi-use)	2	13	-	-
Affiliated archives	-	-	7	1	-
Presidential Libraries	12	-	13	4	13
TOTAL	15	2	35	7	15

Buildings

Our most iconic asset, the National Archives Building, permanently displays the Declaration of Independence, the Constitution, and the Bill of Rights, collectively known as the Charters of Freedom. National Archives Building also houses textual and microfilm records relating to genealogy, American Indians, pre-World War II military and naval-maritime matters, the New Deal, the District of Columbia, the Federal courts, Congress, and the Vice Presidents Gore and Cheney.

To provide appropriate storage and preservation needs for the growing number of records, NARA was authorized to construct the National Archives in College Park, Maryland. National Archives at College Park collections include electronic records, cartographic and architectural holdings, special media (motion pictures, audio recordings, and videotapes), artifacts, the John F. Kennedy Assassination Records Collection, still pictures, and textual

records from most civilian agencies and military records dating from World War II. Because the building also serves as the NARA administrative headquarters, the facility was deemed to be a multi-use heritage asset, and is included in general PP&E on the Balance Sheet (Note 6).

The NARA's regional archives facilities are leased, with the exception of Southeast Regional Facility (SER) in Atlanta, GA, which was constructed on land purchased by NARA. Along with National Archives at College Park, the building and the land are designated as multi-use heritage assets and are included in general PP&E on the Balance Sheet (Note 6).

Our regional archives contain collections of archival holdings of value for genealogical and historical research, such as Federal census information, naturalization records and passenger lists, as well as closed business and personal bankruptcy case files, civil and criminal case files from Federal courts. The traditional military service records for the 20th century and personnel records of former federal civilian employees from mid-1800s through 1951 are managed at the National Personnel Records Center in St. Louis, Missouri.

The affiliated archives store the holdings of the National Archives. While we have agreements with 10 institutions, currently only 8 institutions store NARA's accessioned holdings.

The twelve Presidential Libraries are designated as heritage assets. Each consists of buildings, structures, and land under NARA's management used to store, preserve, and display the collections of traditional archival holdings and artifacts from the respective Presidential administration. Until the construction of the George W. Bush Library is completed at the Southern Methodist University, the collections of records and artifacts documenting the Presidency of George W. Bush are housed at a temporary leased facility in Lewisville, Texas.

Multi-Use Land

NARA owns two parcels of land, designated as multi-use, each serving as a site for current (SER in Atlanta, GA) or future (Alaska) multi-use regional archival facilities.

Traditional Archival holdings consist of the following record types:

o   Traditional Textual (paper) are records on paper whose intellectual content is primarily textual.

o   Traditional Non-textual (all media) category includes all records not classified as textual (paper), artifacts, or electronic records. It includes still pictures on paper and film; posters; architectural drawings, charts, maps and other cartographic records on paper; textual records on microfilm; as well as motion pictures, video, sound recordings, and other clearly non-textual records.

Electronic Archival records are records on electronic storage media, such as word processing documents, spreadsheets, emails (with attachments), databases, satellite imagery, and digital photographs, etc from agencies in the executive, legislative and judicial branches. The three Presidential electronic holding collections, from the Ronald Reagan, George Bush and William J. Clinton libraries, are maintained in College Park, Maryland. The Presidential unclassified electronic materials from the George W. Bush administration have been ingested to our Executive Office of the President (EOP) instance of the Electronic Records Archives system. Also ingested were the electronic records of Vice Presidents Gore and Cheney, which are under the direction of the Presidential Materials Staff at the National Archives building.

Artifacts

In addition to already discussed artifacts at the National Archives and National Archives at College Park, each of the Presidential library's museums is a repository to a collection of artifacts, preserved and exhibited to promote public understanding of the history of the

period, the respective Presidential administration, and the career of the President. The artifact collections include gifts from foreign heads of state, luminaries and common citizens with artifacts ranging from high value items, including firearms, jewelry, and works of art, coins and currency to tee shirts, trinkets and curiosities.

There were no additions to any heritage asset collection, building or land during FY 2011, and no collection is ever retired or disposed. NARA's collections only grow with the accessioning of new records or transfer of Presidential materials. For the accession to take place, the Archivist determines, through the formal scheduling and appraisal process, whether records have sufficient administrative, legal, research or other value to warrant their continued preservation by the Government and for how long (44 USC 3303a). When in the public interest, the Archivist may accept Government records for historical preservation (44 USC 2107) and accept non-Government papers and other historical materials for deposit (44 USC 2111). The archivist also administers Presidential and Vice Presidential records in accordance with 44 U.S.C. Chapter 22. Methods of acquisition and disposal are according to the guidelines established through the legal authority granted to NARA. See the Performance Section 2.2 for more details on NARA's performance data on processing records and Section 2.7 for details on NARA's preservation performance.

Providing physically and environmentally appropriate storage conditions at NARA's facilities is the most essential and cost-effective way to preserve records. Information about the condition and deferred maintenance on NARA owned buildings and holdings is contained in the Deferred Maintenance section of the Required Supplementary Information.

Note 8 – Liabilities not Covered by Budgetary Resources

Liabilities not covered by budgetary resources are liabilities that are not funded by direct budgetary authority in the current fiscal year and result from the receipt of goods and services, or the occurrence of eligible events, for which appropriations, revenues, or other financing sources necessary to pay the liabilities have not yet been made available through Congressional appropriation. Liabilities not covered by budgetary resources as of September 30, 2011 and 2010, consist of the following:

(in thousands)

	2011	2010
Intragovernmental		
Workers' compensation	$ 713	$ 766
Total Intragovernmental	713	766
Debt held by the public	166,895	180,981
Accrued unfunded leave	11,244	10,828
Federal employee benefits-actuarial liability	10,865	11,241
Total liabilities not covered by budgetary resources	189,717	203,816
Total liabilities covered by budgetary resources	68,630	78,025
Total liabilities	$ 258,347	$ 281,841

Note 9 - Debt Held by the Public

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

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

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

(in thousands)	**2011**	**2010**
Beginning balance - Principal	$ 179,708	192,578
Less : Debt repayment	13,987	12,870
Ending balance - Principal	165,721	179,708
Accrued interest payable	1,174	1,273
Total Debt at September 30	$ 166,895	$ 180,981

Note 10 – Other Liabilities

Other Liabilities as of September 30, 2011 and 2010 consist of the following:

(in thousands)	**2011**		
	Non-Current	**Current**	**Total**
Intragovernmental			
Workers' and unemployment compensation	$ 1,303	$ 926	$ 2,229
Capital lease liability	280	119	399
Accrued payroll	-	1,211	1,211
Advances from others	-	548	548
Total Intragovernmental	1,583	2,804	4,387
Accrued funded payroll and leave	-	9,920	9,920
Unfunded leave	11,244	-	11,244
Miscellaneous liabilities	-	7	7
Advances from others	-	114	114
Total other liabilities	$ 12,827	$ 12,845	$ 25,672

	2010		
	Non-Current	Current	Total
Intragovernmental			
Workers' and unemployment			
compensation	$ 1,242	$ 1,049	$ 2,291
Capital lease liability	400	110	510
Accrued payroll	-	2,808	2,808
Advances from others	-	113	113
Total Intragovernmental	1,642	4,080	5,722
Accrued funded payroll and leave	-	16,638	16,638
Unfunded leave	10,828		10,828
Miscellaneous liabilities	-	7	7
Advances from others	-	38	38
Total other liabilities	$ 12,470	$ 20,763	$ 33,233

Note 11 – Leases

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

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

Only one lease is classified as a capital lease, representing liability for shelving leased through GSA at the Philadelphia records facility. It expires in December 2014. The net capital lease liability is covered by budgetary resources, and shown in Intragovernmental Liabilities, Other (See Note 10).

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

Capital Leases - NARA as lessee	2011	2010
Summary of assets under capital lease:		
Shelving	$ 5,284	$ 5,285
Accumulated amortization	(4,019)	(3,755)
Description of Lease Arrangements		
Future payments due		
<u>Fiscal year</u>		
2012	146	
2013	146	
2014	146	
2015	12	
After 2015	-	
Total future lease payments	450	
Less: imputed interest	51	
Net capital lease liability	$ 399	

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

Records facility	Lease Period
Pittsfield, Massachusetts	January 5, 1994 through December 31, 2019
Dayton (Kingsridge), Ohio	September 1, 2004 through December 31, 2022
Lenexa, Kansas	February 1, 2003 through February 14, 2023
Pershing Rd, Kansas City, MO	January 1, 2009 through December 31, 2028
Ft. Worth-Montgomery, Texas	February 12, 2011 through February 10, 2016
Archives Dr./Dunn Rd. St. Louis, Missouri	April 30, 2011 through February 28, 2031
Denver (Broomfield), Colorado	August 1, 2011 through July 31, 2031

Other non-cancelable operating leases with public corporations are detailed below. The Perris, CA and Atlanta, GA records facilities' leases have three ten year renewal options after the initial period.

Records facility	Lease Period
Perris, CA	December 1, 2004 through November 30, 2024
Atlanta, GA	October 1, 2004 through September 30, 2024
Ft. Worth, Texas	October 1, 2006 through October 31, 2026
The Annex I and II in Valmeyer, Illinois	October 1, 2008 through September 30, 2028

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

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

The schedule below shows the total future non-cancelable lease payments by asset class

(in thousands):

Operating Leases - NARA as lessee

Future payments due:	Asset Category	
Fiscal year	Land	Buildings
2012	135	28,496
2013	139	29,006
2014	142	29,251
2015	146	29,253
2016	149	29,201
After 2016	1,081	329,536
Total future lease payments	$ 1,792	$ 474,743

Note 12 – Commitments and Contingencies

NARA has incurred claims in the normal course of business. As of September 30, 2011, in the opinion of General Counsel, NARA has no material outstanding claims. The aggregate potential loss to NARA on all outstanding claims, with a reasonable possibility of an unfavorable outcome is estimated not to exceed $130 thousand. Of these amounts, certain settlements or awards on tort claim over $2,500 may be payable from the U.S. Treasury Judgment Fund in accordance with 31 USC 1304.

Note 13 - Earmarked Funds

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

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

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

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

Financial Information for NATF and NAGF as of September 30, 2011 and 2010 consists of the following:

(in thousands) 2011

	NATF	NAGF	Total Earmarked Funds
Balance Sheet as of September 30, 2011			
Assets			
Fund balance with Treasury	$ 544	$ 103	$ 647
Cash	55	-	55
Investments, net	19,488	17,669	37,157
Accounts receivable	321	-	321
Inventory	1,029	-	1,029
Total assets	21,437	17,772	39,209
Liabilities			
Accounts payable	772	25	797
Federal employee and veteran benefits	372	-	372
Other liabilities	1,199	-	1,199
Total liabilities	2,343	25	2,368
Net position			
Cumulative results of operations			
Restricted	-	14,083	14,083
Unrestricted	19,094	3,664	22,758
Total net position	19,094	17,747	36,841
Total liabilities and net position	21,437	17,772	39,209
Statement of Net Cost for the Period Ended September 30, 2011			
Gross Program Costs	17,366	593	17,959
Less Earned Revenues	16,481	-	16,481
Net Costs of Operations	$ 885	$ 593	$ 1,478
Statement of Changes in Net Position For the Period Ended September 30, 2011			
Net position, Beginning of fiscal year	19,388	17,573	36,961
Non-exchange revenue	-	636	636
Donations	-	989	989
Transfers-in/out without reimbursements	93	(738)	(645)
Other Budgetary Financing Sources	-	394	394
Donations and forfeitures of property	-	60	60
Imputed financing from costs absorbed by others	498	-	498
Other Financing Sources	-	(574)	(574)
Total financing sources	591	767	1,358
Net cost of operations	885	593	1,478
Change in Net Position	(294)	174	(120)
Net Position, End of fiscal year	$ 19,094	$ 17,747	$ 36,841

(in thousands)

| | **2010** | | |
	NATF	NAGF	Total Earmarked Funds
Balance Sheet as of September 30, 2010			
Assets			
Fund balance with Treasury	$ 570	$ 201	$ 771
Cash	53	-	53
Investments, net	19,175	17,633	36,808
Accounts receivable	355	-	355
Inventory	1,029	-	1,029
Total assets	21,182	17,834	39,016
Liabilities			
Accounts payable	542	261	803
Federal employee and veteran benefits	389	-	389
Other liabilities	863	-	863
Total liabilities	1,794	261	2,055
Net position			
Cumulative results of operations			
Restricted	-	14,033	14,033
Unrestricted	19,388	3,540	22,928
Total net position	19,388	17,573	36,961
Total liabilities and net position	21,182	17,834	39,016
Statement of Net Cost for the Period Ended September 30, 2010			
Gross Program Costs	16,677	1,873	18,550
Less Earned Revenues	17,265	-	17,265
Net Costs of Operations	$ (588)	$ 1,873	$ 1,285
Statement of Changes in Net Position For the Period Ended September 30, 2010			
Net position, Beginning of fiscal year	18,068	16,950	35,018
Non-exchange revenue	3	667	670
Donations	-	1,512	1,512
Transfers-in/out without reimbursements	186	(794)	(608)
Other Budgetary Financing Sources	-	108	108
Imputed financing from costs absorbed by others	543	-	543
Other Financing Sources	-	1,003	1,003
Total financing sources	732	2,496	3,228
Net cost of operations	(588)	1,873	1,285
Change in Net Position	1,320	623	1,943
Net Position, End of fiscal year	$ 19,388	$ 17,573	$ 36,961

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

Note 14 – Intragovernmental Costs and Exchange Revenues by Program

(in thousands)

	2011	2010
Records and Archives-Related Services		
Intragovernmental gross costs	$ 65,567	$ 63,763
Public costs	332,286	322,765
Total Records and Archives-Related Services Costs	397,853	386,529
Intragovernmental earned revenue	421	361
Public earned revenue	(141)	-
Total Records and Archives-Related Services Earned Revenue	280	361
Trust and Gift Funds		
Intragovernmental gross costs	2,384	2,466
Public costs	12,517	12,872
Total Trust and Gift Funds Costs	14,901	15,338
Intragovernmental earned revenue	467	689
Public earned revenue	16,014	16,541
Total Trust and Gift Funds Earned Revenue	16,481	17,230
Electronic Records Archives		
Intragovernmental gross costs	4,508	7,554
Public costs	16,494	9,573
Total Electronics Records Archives Costs	21,002	17,127
National Historical Publications and Records Commission Grants		
Intragovernmental gross costs	-	-
Public costs	8,408	8,773
Total National Historical Publications and Records Commission Grants Costs	8,408	8,773
Archives Facilities and Presidential Libraries Repairs and Restoration		
Intragovernmental gross costs	-	-
Public costs	1,468	(287)
Heritage asset renovation costs (Note 16)	23,518	29,855
Total Archives Facilities and Presidential Libraries Repairs and Restoration Costs	24,986	29,568
Revolving Fund Records Center Storage and Services		
Intragovernmental gross costs	79,144	75,099
Public costs	105,750	97,556
Total Revolving Fund Records Center Storage and Service Costs	184,894	172,655
Intragovernmental earned revenue	171,372	161,197
Public earned revenue	1,421	1,086
Total Revolving Fund Records Center Storage and Services Earned Revenue	$ 172,793	$ 162,283

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

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

Note 15 – Cost of Stewardship PP&E

Stewardship assets consist of heritage assets as defined in Note 7. The Consolidated Statement of Net Cost includes the following costs to renovate heritage assets buildings and structures, as of September 30, 2011 and 2010 *(in thousands)*:

	2011	2010
Asset	*Appropriation*	*Appropriation*
National Archives Building	$ 3,237	$ 2,288
Libraries:		
Roosevelt	7,156	3,672
Hoover	22	28
Truman	373	737
Eisenhower	617	2,224
Kennedy	9,142	9,574
Johnson	17	4,102
Nixon	606	3,231
Ford	1,136	85
Carter	29	485
Reagan	953	3,317
Bush	180	112
Clinton	50	-
Total	$ 23,518	$ 29,855

For additional information about NARA's Stewardship Assets see Note 7 and Required Supplementary Information.

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

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

Note 17 - Apportionment Categories of Obligations Incurred

OMB typically uses one of two categories to distribute budgetary resources subject to apportionment in a fund. Apportionments that are distributed by fiscal quarters are classified as category A. Category B apportionments usually distribute budgetary resources by activities, project, objects or a combination of these categories. NARA's Trust fund remains exempt from apportionment.

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

	Category A		Category B		Exempt		Total	
	2011	2010	2011	2010	2011	2010	2011	2010
Direct	$375,655	$409,864	$87,682	$ 59,934	$ -	$ -	$463,337	$469,798
Reimbursable	2,309	2,172	185,142	177,194	18,322	18,355	205,773	197,721
Total	$377,964	$412,036	$272,824	$ 237,128	$18,322	$18,355	$ 669,110	$667,519

Note 18 – Legal Arrangements Affecting Use of Unobligated Balances

Public Law 111-17, Consolidated Appropriations Act 2010, authorized that up to 50 percent of NARA's unobligated balances remaining available at the end of fiscal year 2010 to be available through the end of FY2011. During FY 2011, $220 thousand was transferred to the 2011 appropriation account.

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

Statement of Federal Financial Accounting Standards No. 7, *Accounting for Revenue and Other Financing Sources and Concepts for Reconciling Budgetary and Financial Accounting* calls for explanations of material differences between budgetary resources available, status of those resources and outlays as presented in the Statement of Budgetary Resources (SBR) to the related actual balances published in the *Budget of the United States Government* (President's Budget). However, the President's Budget that will include FY 2011 actual budgetary execution information has not yet been published. The *Budget of the United States Government* is scheduled for publication in January 2012. Accordingly, information required for such disclosure is not available at the time of preparation of these financial statements.

Instead, NARA prior year actual SBR balances and the related President's Budget are shown in a table below for each major budget account in which a difference exists. The majority of the difference is due to the restatement of the FY 2010 Statement of Budgetary Resources, see Note 21 for details. The remaining differences are primarily due to reporting requirement differences for expired and unexpired appropriations between the Treasury guidance used to prepare the SBR and the OMB guidance used to prepare the President's Budget. The SBR includes both unexpired and expired appropriations, while the President's Budget discloses only unexpired budgetary resources that are available for new obligations.

(in millions)	2010			
	Budgetary Resources	Obligations Incurred	Distributed Offsetting Receipts	Net Outlays
Restated Statement of Budgetary Resources	$ 766	$ 667	$ 3	$ 427
Difference-Restatement of SBR see Note 21	11	-	-	-
Difference-Expired appropriations	(13)	-	-	-
Budget of the U.S. Government	$ 764	$ 667	$ 3	$ 427

Note 20 – Undelivered Orders at the End of the Period

The amount of budgetary resources obligated for undelivered orders at September 30, 2011 and 2010 is $136,751 thousand and $141,344 thousand, respectively.

Note 21 – Restatements

During preparation of the current period financial statements, NARA identified a material error on the FY 2010 Statement of Budgetary Resources. At the end of the FY 2010, NARA had recorded an adjustment for an $11.3 million revenue accrual. The adjustment posted with incorrect budgetary accounts, impacting budgetary authority from unsigned customer agreements instead of, already recorded, unfilled customer orders. As a result, the FY 2010 Statement of Budgetary Resources overstated the change in unfilled customer orders and total budgetary authority by $11.3 million.

In FY 2011, NARA restated the FY 2010 financial statements in accordance with SFFAS No. 21, *Reporting Corrections of Errors and Changes in Accounting Principles*, to correct the Statement of Budgetary Resources ending balances for FY 2010, which affect the FY 2011 beginning balances. In addition, NARA notified OMB, obtaining guidance for correcting the FY 2011 beginning balances in Federal Agencies' Centralized Trial Balance System (FACTS II) for appropriate presentation in the President's Budget. NARA also notified the auditors and senior management regarding the restatement.

The affected line items of the FY 2010 Statement of Budgetary Resources are detailed below:

(in thousands).	As Previously Reported in 2010	As Restated 2010
Change in unfilled customer orders		
Without advance from Federal sources	$ 12,310	$ 1,029
Total budgetary resources	$ 777,730	$ 766,448
Unobligated Balance – Apportioned	$ 91,618	$ 80,337
Total status of budgetary resources	$ 777,730	$ 766,448
Change in uncollected customer payments from Federal sources	(11,764)	(483)
Less: Uncollected customer payments from Federal sources	(35,890)	(24,609)
Total, unpaid obligated balance, net, end of period	$ 183,851	$ 195,132

In addition, the status of fund balances with Treasury, as well as net obligations incurred and resources that do not fund net costs of operations were also affected by the restatement, as shown in Notes 2 and 22, respectively.

Note 22 – Reconciliation of Net Cost of Operations (proprietary) to Budget (formerly the Statement of Financing)

Reconciling budgetary resources obligated during the period to the Net Cost of Operations explains the relationship between the obligation basis of budgetary accounting and the accrual basis of financial (proprietary) accounting. .

The reconciliation starts with the net obligations incurred during the period. Net obligations incurred are amounts of new orders placed, contracts awarded, services received and other similar transactions that will require payments during the same or a future period. To arrive at the total resources used to finance operations, non-budgetary resources must be added to net obligations incurred. Non-budgetary resources include financing imputed for cost subsidies and unrealized gains and losses from non-federal securities being held by the Gift fund. Resources that do not fund net costs of operations are primarily the change in amount of goods, services and benefits

ordered but not yet received, amounts provided in the current reporting period that fund costs incurred in prior years and amounts incurred for goods or services that have been capitalized on the balance sheet. These are deducted from the total resources. Costs that do not require resources in the current period consist of depreciation and asset revaluations. Financing sources yet to be provided are the financing amounts needed in a future period to cover costs incurred in the current period, such as unfunded annual leave and unfunded workers compensation. The costs that do not require resources in the current period and the financing sources yet to be provided are added to the total resources used to finance operations, to arrive at the net cost of operations for the current period.

(in thousands)	2011	Restated 2010
Net obligations incurred	$ 448,360	$ 451,930
Nonbudgetary Resources	19,583	20,480
Total resources used to finance activities	467,943	472,410
Resources that do not fund net cost of operations	(73,689)	(78,749)
Cost that do not require resources in the current period	67,756	55,500
Financing sources yet to be provided	480	955
Net cost of operations	$ 462,490	$ 450,116

Required Supplementary Information

Deferred Maintenance

The National Archives owns and manages assets including the National Archives Building, the National Archives at College Park, MD, the Southeast Regional Archives building in Atlanta, GA, and the Presidential Libraries. The rest of NARA facilities are leased from GSA or the public. All of these support NARA's mission to safeguard and preserve our most significant heritage assets, the national record holdings in our custody.

To ensure the preservation of the archival holdings NARA applies a multi-faceted strategy, which includes storage in appropriate environment, implementation of handling and other preservation policies, and preservation actions, such as holdings maintenance, custom housing, reformatting and conservation treatment.

Through NARA-wide risk and condition assessment processes, which are a function of the day to day operations, such as accessioning of records into the NARA's possession, NARA obtains condition information for its collection type heritage assets.

Extensive preservation actions are required on those records identified as "at-risk" to minimize further deterioration and to remediate damage that has occurred due to age or improper handling and storage conditions prior to arrival at NARA. NARA has identified the backlog of records requiring preservation actions as one of its top challenges, and plans actions annually to address it. The progress on this ongoing challenge is tracked and reported as one of our critical performance measures (section 2.7 in the Performance section of this PAR.)

Because the space where the records are preserved is a critical factor to prevent deterioration of the records, NARA has implemented federal records and archival storage standards to reduce damage to holdings prior to their accession by NARA as well as when in the NARA's possession. The costs to address deficiencies related to compliance of NARA owned facilities with these storage standards are reflected in the estimate, below.

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

At the end of Fiscal Year 2011, needed maintenance projects for fifteen locations, including twelve Presidential Libraries, have been identified from current BCR reports, and are included in the deferred maintenance estimate.

Category	Method	Acceptable Asset Condition	Estimated Deferred Maintenance
Heritage assets – Buildings	CAS	Good	$49 to 50 million
Multi-use assets – Buildings	CAS	Good	$8 to 9 million

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

- o *Good.* Facilities/equipment condition meets established maintenance standards, operating efficiently and has a normal life expectancy. Scheduled maintenance should be sufficient

to maintain the current condition. There is no critical deferred maintenance on building and equipment in good condition.

o *Fair.* Facilities/equipment condition meets minimum standards, but requires additional maintenance or repairs to prevent further deterioration, increase operating efficiency and to achieve normal life expectancy.

o *Poor/Unsatisfactory.* Facilities/equipment does not meet most maintenance standards and requires frequent repairs to prevent accelerated deterioration and provide a minimal level of operating function.

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

Required Supplementary Information

Schedule of Budgetary Resources by Major Budget Accounts

(in thousands)

Fiscal Year 2011	Records and Archives-Related Services	Gift Fund	Trust Fund	Electronic Records Archives	NHPRC Grants	Archives Facilities and Presidential Libraries Repairs and Restorations	Records Center and Storage Services	Total
Budgetary Resources								
Unobligated Balance brought forward, October 1:	$ 13,179	$2,610	$ 5,129	$ 21,904	$ 5,348	$ 37,729	$ 13,031	$ 98,930
Recoveries of prior year unpaid obligations	4,180	3	671	398	709	798	1,516	8,275
Budgetary appropriations received	344,020	2,602	-	72,000	7,000	11,848	-	437,470
Spending authority from offsetting collections	16,883	-	18,557	-	-	-	174,424	209,864
Nonexpenditure transfers, net, anticipated and actual	-	-	-	-	-	-	-	-
Permanently not available	17,632	-	-	581	14	3,222	-	21,449
Total Budgetary Resources	360,630	5,215	24,357	93,721	13,043	47,153	188,971	733,090
Status of Budgetary Resources								
Obligations Incurred	346,828	2,697	18,322	90,313	12,308	13,500	185,142	669,110
Unobligated Balance-available	927	2,518	6,035	1,697	735	33,653	3,829	49,394
Unobligated balance not available	12,875	-	-	1,711	-	-	-	14,586
Total Status of Budgetary Resources	360,630	5,215	24,357	93,721	13,043	47,153	188,971	733,090
Change in Obligated Balance								
Obligated balance, net, beginning of period	91,868	625	2,355	39,932	14,057	34,222	12,073	195,132
Obligations incurred net	346,828	2,697	18,322	90,313	12,308	13,500	185,142	669,110
Less: Gross outlays	(353,268)	(2,783)	(16,909)	(77,330)	(8,245)	(29,367)	(187,241)	(675,143)
Less: Recoveries of prior year unpaid obligations, actual	(4,180)	(2)	(671)	(398)	(709)	(798)	(1,516)	(8,275)
Change in uncollected customer payments from Federal sources	(6)	-	(2,281)	-	-	-	7,455	5,168
Obligated balance, net, end of period	81,242	537	816	52,517	17,411	17,557	15,913	185,992
Net Outlays								
Gross outlays	353,268	2,783	16,909	77,330	8,245	29,367	187,241	675,143
Less: Offsetting collections	(16,877)	-	(16,276)	-	-	-	(181,879)	(215,032)
Less: Distributed Offsetting receipts	(10)	(2,600)	-	-	-	-	-	(2,610)
Net Outlays	$336,381	$ 183	$ 633	$ 77,330	$ 8,245	$ 29,367	$5,362	$ 457,501

Required Supplementary Information

Schedule of Budgetary Resources by Major Budget Accounts

(in thousands)

Restated Fiscal Year 2010	Records and Archives-Related Services	Gift Fund	Trust Fund	Electronic Records Archives	NHPRC Grants	Archives Facilities and Presidential Libraries Repairs and Restorations	Records Center and Storage Services	Total
Budgetary Resources								
Unobligated Balance brought forward, October 1:	$ 11,332	$ 2,837	$ 7,220	$ 2,416	$ 1,870	$ 54,526	$ 17,625	$ 97,826
Recoveries of prior year unpaid obligations	4,724	2	483	2,234	189	784	1,432	9,848
Budgetary appropriations received	343,870	3,150	-	85,500	13,000	27,500	-	473,020
Spending authority from offsetting collections	15,641	-	15,779	-	-	-	171,168	202,588
Nonexpenditure transfers, net, anticipated and actual	-	-	-	-	-	-	-	-
Permanently not available	15,752	-	-	1,081	-	-	-	16,833
Total Budgetary Resources	359,815	5,989	23,482	89,069	15,059	82,810	190,225	766,449
Status of Budgetary Resources								
Obligations Incurred	346,637	3,379	18,353	67,164	9,711	45,081	177,194	667,519
Unobligated Balance-available	1,367	2,610	5,129	20,252	5,348	37,729	13,031	85,466
Unobligated balance not available	11,811	-	-	1,653	-	-	-	13,464
Total Status of Budgetary Resources	359,815	5,989	23,482	89,069	15,059	82,810	190,225	766,449
Change in Obligated Balance								
Obligated balance, net, beginning of period	91,680	547	1,841	36,130	12,296	20,296	8,009	170,799
Obligations incurred net	346,637	3,379	18,353	67,164	9,711	45,081	177,194	667,519
Less: Gross outlays	(341,727)	(3,299)	(17,204)	(61,129)	(7,761)	(30,371)	(171,363)	(632,854)
Less: Recoveries of prior year unpaid obligations, actual	(4,724)	(2)	(483)	(2,234)	(189)	(784)	(1,432)	(9,848)
Change in uncollected customer payments from Federal sources	7	-	(154)	-	-	-	(336)	(483)
Obligated balance, net, end of period	91,873	625	2,353	39,931	14,057	34,222	12,072	195,132
Net Outlays								
Gross outlays	341,727	3,299	17,204	61,129	7,761	30,371	171,363	632,854
Less: Offsetting collections	(15,648)	-	(15,626)	-	-	-	(170,832)	(202,106)
Less: Distributed Offsetting receipts	(6)	(3,146)	-	-	-	-	-	(3,152)
Net Outlays	$ 326,073	$ 153	$ 1,578	$ 61,129	$ 7,761	$ 30,371	$ 531	$ 427,596

SECTION 4
OTHER ACCOMPANYING INFORMATION

INSPECTOR GENERAL'S ASSESSMENT OF MANAGEMENT CHALLENGES FACING NARA

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

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

1. Electronic Records Archives

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

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

The ERA Program faces many challenges going forward, including addressing increased volumes of data to be ingested and increased number of users to be supported when ERA use becomes mandatory for all Federal agencies starting in September 2012.

However, the greatest challenge will be NARA's ability (with vendor support) to effectively meet stakeholder needs, while operating and maintaining a system whose development failed to meet core benchmark requirements and lacks originally envisioned capabilities.

> *Audits, investigations, and reviews performed in FY 2011:*
> - Management Letter on ERA Lacks Ability to Search
> - Management Letter on Limitations on the ability to ingest, search and access records in the Electronic Records Archives
> - Management Letter on Potential Lockheed Martin Corporation Award Fee for Period 4/1/2010 – 9/30/2010 for the ERA Development Contract
> - Implementation Status of the ERA System Requirements
> - Management Letter on Review of Applied Polymorphism Subcontract Costs
> - Review of Costs for Lockheed Martin Corporation Subcontracts with Applied Polymorphism

2. Improving Records Management

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

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

> *Audits, investigations, and reviews performed in FY 2011:*
> - Implementation Status of the ERA System Requirements

3. Information Technology Security

The Archivist identified IT Security as a material weakness under the Federal Managers' Financial Integrity Act reporting process beginning in FY 2007. NARA's Office of

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

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

> *Audits, investigations, and reviews performed in FY 2011:*
> - Clifton Gunderson LLP Network Vulnerability Assessment and Penetration Testing
> - Audit of the NARANET Server Upgrade Project
> - Follow-up Audit of NARA's Work-at-Home System
> - Audit of the Controls Over Inappropriate Personal Use of the Internet at NARA
> - Audit of the Trusted Internet Connections Initiative at NARA
> - Audit of NARA's Telework Program
> - Audit of NARA's Photocopier Security
> - Investigation of Counterfeit/Grey market IT Contract Fraud
> - Investigation of Grey Market Server Components
> - Investigation of Inappropriate Security of NARA System Passwords

4. Expanding Public Access to Records

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

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

timeliness and integrity of the declassification process of classified material held at NARA is also vital to public access.

> *Audits, investigations, and reviews performed in FY 2011:*
> - Management Letter on ERA Lacks Ability to Search
> - Management Letter on Limitations on the ability to ingest, search and access records in the Electronic Records Archives
> - Investigation of Grand Jury Secrecy and Record Recovery

5. Meeting Storage Needs of Growing Quantities of Records

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

6. Preservation Needs of Records

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

7. Improving Project Management

Effective project management, particularly for IT projects, is essential to obtaining the right equipment and systems to accomplish NARA's mission. Complex and high-dollar contracts require multiple program managers, often with varying types of expertise. NARA is challenged with planning projects, developing adequately defined requirements, analyzing and testing to support acquisition and deployment of the systems, and providing oversight to ensure effective or efficient results within costs. Currently, IT systems are not always developed in accordance with established NARA guidelines. These projects must be better managed and tracked to ensure cost, schedule, and performance goals are met.

As an example, GAO reported NARA did not document the results of briefings to its senior management oversight group during the development of NARA's largest IT project, the ERA Program. There is little evidence the group identified or took appropriate corrective actions, or ensured such actions were taken and tracked to closure.

Without adequate oversight evaluating project progress, including documenting feedback and action items from senior management, NARA will not be able to ensure projects are implemented at acceptable cost and within reasonable time frames. GAO also reports NARA has been inconsistent in its use of earned value management (EVM), a project management approach providing objective reports of project status and early warning signs of cost and schedule overruns. Inconsistent use of key project management disciplines like EVM limits NARA's ability to effectively manage projects and accurately report on their progress.

Audits, investigations, and reviews performed in FY 2011:
- Audit of the NARANET Server Upgrade Project
- Audit of the Trusted Internet Connections Initiative at NARA

8. Physical and Holdings Security

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

Audits, investigations, and reviews performed in FY 2011:
- Audit of NARA's Security Guard Contract for AI and AII
- Management Letter on Continued Security Concerns at AI & AII
- Investigation of Stolen Microfilm, Stolen Records
- Investigation of Altered Lincoln Record
- Investigation of Missing Presidential Photograph
- Investigation of Mishandling of Classified and Military Documents
- Investigation of Wrongful Access to IRS Records in Transit
- Investigation of the Theft of Historical Materials
- Investigation of Unauthorized Access to Sensitive Materials
- Investigation of Security Violations

9. Contract Management and Administration

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

ensure a variety of procurement techniques are properly used in accordance with laws, regulations, and best practices.

> *Audits, investigations, and reviews performed in FY 2011:*
> - Management Letter on Potential LMC Award Fee for Period 4/1/2010 – 9/30/2010 for the ERA Development Contract
> - Management Letter on Review of Applied Polymorphism Subcontract Costs
> - Review of Costs for Lockheed Martin Corporation Subcontracts with Applied Polymorphism
> - Audit of NARA's Photocopier Security
> - Investigation of Abuse of Position/Mismanagement

10. Strengthening Human Capital

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

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

FEDERAL MANAGERS' FINANCIAL INTEGRITY ACT REPORT

NATIONAL
ARCHIVES

ARCHIVIST *of the*
UNITED STATES

DAVID S. FERRIERO
T: 202.357.5900
F: 202.357.5901
david.ferriero@nara.gov

FY 2011 STATEMENT OF ASSURANCE

Managers of the National Archives and Records Administration (NARA) are responsible for establishing and maintaining effective internal controls and financial management systems that meet the objectives of the Federal Managers' Financial Integrity Act (FMFIA). I am able to provide a qualified statement of assurance that with the exception of six material weaknesses, NARA's internal controls are achieving their intended objectives:

(1) Programs achieve their intended results;
(2) Resources are used consistent with NARA's mission;
(3) Programs and resources are protected from waste, fraud, and mismanagement;
(4) Laws and regulations are followed; and
(5) Reliable and timely information is obtained, maintained, reported, and used for decision making.

This assessment is based on results of audits and evaluations conducted by the Government Accountability Office (GAO), NARA's Office of Inspector General (OIG), management control evaluations, and other evaluations conducted in NARA's program and staff offices. It is also based on senior management's knowledge gained from the daily operations of NARA programs and systems. I have also considered the advice of the Inspector General concerning this statement of assurance.

NARA undertook an agency-wide transformation this year, identifying six transformational outcomes we must achieve over the next several years. The major impact of this effort in FY 2011 was a realignment of our organizational structure intended to better achieve the six transformational outcomes. As a result, NARA offices restructured at different times during the year; internal controls testing and unit-level assurance statements may have begun under one organization, and completed under another. However, considerable effort was undertaken to analyze and review the information needed to make this assurance, and NARA's new Performance & Accountability Office reporting to a new Chief Operating Officer played an important role in that effort.

The qualification in this assurance statement includes material weaknesses in holdings protection, artifact inventory controls in Presidential Libraries, information security, preservation of archival records, and processing of traditional records, as well as an additional material weakness over financial reporting due to restatement of FY2010 balances, as discussed in our following report. Efforts to fully resolve these material weaknesses are monitored by NARA's newly established Management Controls Oversight Committee (MCOC) and results are reported directly to me.

DAVID S. FERRIERO
Archivist of the United States

NATIONAL ARCHIVES *and*
RECORDS ADMINISTRATION

700 PENNSYLVANIA AVENUE, NW
WASHINGTON, DC 20408-0001
www.archives.gov

FY 2011 REPORT ON INTERNAL CONTROLS

Background on FMFIA Requirements

The objective of the Federal Managers' Financial Integrity Act of 1982 (FMFIA) is to provide reasonable assurance that "(i) obligations and costs are in compliance with applicable law; (ii) funds, property, and other assets are safeguarded against waste, loss, unauthorized use, or misappropriation; and (iii) revenues and expenditures applicable to agency operations are properly recorded and accounted for to permit the preparation of accounts and reliable financial and statistical reports and to maintain accountability over the assets." NARA's internal control objectives noted in the Archivist's statement of assurance are consistent with FMFIA objectives.

The following tables reflect the number of material weaknesses reported by NARA under Section 2 of FMFIA in recent years, as well as a new material weakness in internal control over financial reporting identified during the current financial statement audit.

NUMBER OF MATERIAL WEAKNESSES

	Number at Beginning of Fiscal Year	Number Corrected	Number Added	Number Remaining at End of Fiscal Year
FY 2008	2	0	1	3
FY 2009	3	1	1	3
FY 2010	3	0	2	5
FY 2011	5	0	1	6

SUMMARY OF FINANCIAL STATEMENT AUDIT

Audit opinion	Unqualified
Restatement	Yes

Material Weakness	Beginning Balance	New	Resolved	Consolidated	Ending Balance
overstatement of unfilled customer orders and available budgetary authority	0	1	0	1	1

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SUMMARY OF MANAGEMENT ASSURANCES

EFFECTIVENESS OF INTERNAL CONTROL OVER FINANCIAL REPORTING
Statement of Assurance: Qualified

Material Weakness	Beginning Balance	New	Resolved	Consolidated	Ending Balance
overstatement of unfilled customer orders and available budgetary authority	0	1	0	1	1

EFFECTIVENESS OF INTERNAL CONTROL OVER OPERATIONS
Statement of Assurance: Qualified

Material Weakness	Beginning Balance	New	Resolved	Consolidated	Ending Balance
Holdings Protection	1				1
Information Security Program	1				1
Artifact Inventory Controls in Presidential Libraries	1				1
Preservation of Archival Records	1				1
Traditional Records Processing	1				1
Total Material Weaknesses	5				5

Continuing Improvements in NARA Holdings Protection

NARA reported a material weakness in holdings security in FY 2001 based on investigative findings from our Office of Inspector General (OIG). As reported in prior years, corrective steps have been taken, and many actions have been completed. Our Holdings Protection Program continues to build a proactive structure to replace our previous reactive posture. The program improves policies and procedures, provides training for NARA staff, builds stronger internal controls, reduces access to secure areas, reduces losses, and improves responses to losses.

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In FY 2011, we achieved short term goals in five main areas:

- Policy and Procedures
  - Implemented exit screening policy for NARA locations in Washington D.C., and College Park, MD. All staff are screened when leaving the building and are subject to random full searches. These procedures have tightened controls over staff exiting both facilities and have resulted in approximately one dozen events requiring further inquiry.
  - Developed proposal for an enterprise-wide researcher ID system to automate the sharing of banned/suspended researcher information among all facilities and link researchers with the holdings they view.
  - Convened multi-disciplinary work groups to revise/develop internal policy on holdings protection, research room security, exit screening procedures, and mailroom security procedures.

- Training
  - Continued interactive and comprehensive training for all NARA staff that come in contact with archival records. This training uses a combination of e-learning and instructor-led sessions, and a webinar format for remote sites to limit travel costs. We provided detailed training for research room staff on the proper procedures for detecting and confronting a researcher suspected of damaging or stealing NARA holdings.
  - Coordinated several working groups and provided expertise in developing customized researcher orientation slides for use in training researchers.

- Security for records storage areas
  - Continued to assess records storage areas to reduce the number of staff with access. Reviewed the card access system at every facility visited to ensure processes for reviewing and removing access when no longer needed are in place and operating as intended.

- Loss preventions and response
  - Developed an organizational unit, the Holdings Protection Team, dedicated to overseeing and improving holdings protection at the National Archives. This team developed a Risk Assessment Survey to assess a multitude of risk factors associated with protecting holdings and conducted site inspections of NARA facilities.
  - The team also worked closely with NARA's OIG, other Federal agencies, and investigative entities to raise awareness and investigate claims of alienated NARA holdings and recover those holdings when appropriate.

Physical controls
  - Populated the Holdings Management System (HMS) for Archives I, Archives II, and seven regional archives locations allowing control of holdings at the container level.

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In FY 2012, we will continue work in these areas, with specific focus on the following actions:

- Policy and Procedures
    - Complete ongoing policy review and revision and update policies pertaining to holdings protection.

- Security for Records Storage Areas
    - Compliance and control testing with emphasis on research room security and exit screening
    - Conduct a risk assessment survey
    - Develop enterprise researcher ID system

- Loss prevention and response
    - Continue outreach and collaboration with other archival institutions to improve loss deterrence.
    - Engage Management Team on issues raised by Holdings Protection Team.

- Physical controls
    - Continue population of the Holdings Management System and validate the accuracy of holdings related information.

Improvement Needed in Presidential Library Artifact Inventory Controls

In FY 2008, we identified controls over artifacts at NARA's Presidential Libraries as a Material Weakness, in part based on audit findings in a report by our OIG.

In FY 2011, NARA made significant strides in addressing this weakness in inventory controls. We:

- Submitted de-accession and disposal guidance for artifacts to our legal counsel for review.

- Issued a Request for Quote for a new collections management system.

- Continued to work towards our goal of completing 100 percent initial inventories at all libraries by the end of FY 2013.

- Resolved anomalies identified through our inventory efforts, resulting in a more accurate reflection of our inventory.

- Continued to re-inventory in accordance with our current guidance.

In FY 2012, NARA will focus efforts on the following:

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- Finalize, issue, and implement de-accession and disposal guidance, leading to the removal of duplicate or low value items from the artifacts inventories.

- Deploy a new collections management database with upgraded audit and tracking capabilities, addressing weaknesses identified with the current system.

- Continue initial inventories at five libraries.

- Continue re-inventorying efforts at libraries that have already completed a 100 percent inventory.

- Work with the OIG to develop and implement actions to address weaknesses cited in their forthcoming follow-on audit.

Improvement Needed in the NARA Information Security Program

Since FY 2002, we have reported and resolved several weaknesses in NARA's information security. In FY 2011, NARA reassessed all open recommendations, from all sources (OIG, GAO, NARA internally contracted studies), and concluded that a Material Weakness continues to exist. As a result of the review, the Material Weakness was reframed as consisting of the risks posed by the need to improve controls over resolving, responding to, tracking, and closing recommendations in a systematic, consistent, and timely manner. Processes have been put in place that we believe will enable us to work with the auditing entities to downgrade the Material Weakness in FY 2012.

In FY 2012, NARA will focus efforts on the following:

- Mature the programs and processes put in place to mitigate weaknesses.

- Implement an automated plan of action and milestones (POAM) tool to serve as a single source for the management and tracking of all recommendations.

- Continue to cultivate the direct working relationship established with both the OIG and GAO to resolve and close open audit recommendations.

Improvement Needed in Archival Records Preservation

In FY 2007, we identified a material weakness in archival records preservation. Every cultural institution faces an enormous need for additional preservation resources. NARA is no different—the volume of incoming archival records outpaces our ability to keep up with preservation needs. Currently, 2.7 million cubic feet (64 percent) of NARA's traditional holdings are identified as "at risk," impacting our mission of ensuring access

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to records for as long as necessary. Preservation risks are further exacerbated by the volume of electronic records and challenges associated with a proliferation of record formats.

In FY2011, NARA addressed weaknesses by establishing preservation-related performance measures and goals, developing risk assessment guidance, and capturing condition and treatment information for traditional holdings. This information is now being incorporated into the Holdings Management System (HMS), which should allow for the systematic collection of uniform preservation data across the agency, improving resource allocation decisions. NARA has also worked to bring archival facilities and archival holdings areas into compliance with NARA standards for archival records. Currently, 78 percent of NARA's traditional archival records are in appropriate space.

Despite these accomplishments, NARA is not projected to meet its FY 2016 long range performance target of less than 50 percent of its archival holdings needing preservation action.

In FY 2012, NARA will focus efforts on the following:

- Complete the inventory of special media records resulting in the capture of condition information in our holdings management system.

- Develop a plan and timeframe for conducting a new preservation study.

- Continue to populate our holdings management system with condition information and actions taken.

- Determine feasibility and cost/benefit of decomposing and stratifying the backlog.

- Work with the OIG to ensure audit efforts result in outcomes that provide the greatest utility to NARA and work to implement recommendations to address identified deficiencies.

In addition, NARA's Office of Inspector General (OIG) intends to conduct an audit of the Preservation Program in FY 2012.

Further Improvement Needed in Traditional Records Processing

NARA's Material Weakness in Traditional Records Processing dates to FY 2007. Currently, 52 percent of NARA's traditional archival holdings have been processed, compared with 30 percent in FY 2008. However, resources are insufficient to keep up with current processing demands and future needs, resulting in backlogs. These backlogs represent an impediment to our ability to provide efficient and effective access, and impact our mission.

Although improvements have been made, NARA will not meet its processing target for FY 2011 and is not on track to meet the long range strategic goal for FY 2016 to have 95

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percent of its holdings processed. Processing resources are unable to adequately address current backlogs and the annual growth in holdings.

For FY 2012, NARA will focus efforts on the following:

- Decompose and stratify the backlog based on use of the records.
- Explore the feasibility of "fast tracking" the processing of approximately 8.5 million pages of PRA records.
- Conduct a NARA study of the cost/benefit associated with serving processed versus unprocessed records and the level of processing necessary to allow efficient and effective access to our holdings.

In addition, NARA's Office of Inspector General (OIG) intends to conduct an audit of the Processing Program in FY 2012.

Overstatement of Unfilled Customer Orders and Available Budgetary Authority on the FY 2010 Statement of Budgetary Resources

During the analytical procedures phase of the FY2011 financial statement preparation, NARA identified incorrectly stated balances on the prior year Statement of Budgetary Resources. An $11.3 million adjustment for Revolving Fund revenue accrual for FY 2010 year end erroneously posted the budgetary entry as an increase to allotments (GL account 4610), resulting in an overstatement of unfilled customer orders (GL account 4221).

This error was caused by using the incorrect methodology to record revenue accrual at year end. For the first three quarters of the year, BCR credited GL account 4210 for any interagency agreements that are not signed or are not fully funded. However, by the end of the year, all agreements are usually signed and fully funded, so all of the accruals should be credited to GL 4221.

The error was not detected during the regular FY10 financial statement preparation process, because it occurred after the financial statements had been completed and submitted to Treasury (FACTSII). Because it was posted to the statements as a top-side adjustment, it circumvented existing internal controls for financial reporting.

NARA management will be developing an aggressive and detailed action plan to implement appropriate improvements in internal controls over financial reporting.

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