OFFICE *of* INSPECTOR GENERAL

SEMIANNUAL REPORT *to* CONGRESS

OCTOBER 1, 2017 *to* MARCH 31, 2018

NATIONAL ARCHIVES

OFFICE *of* INSPECTOR GENERAL
NATIONAL ARCHIVES

FOREWORD

I am pleased to present this Semiannual Report to Congress covering the oversight activities of the Office of Inspector General (OIG) for the National Archives and Records Administration (NARA) from October 1, 2017 to March 31, 2018. The audits, investigations, and other products described in this report illustrate the OIG's continual efforts to promote efficiency and effectiveness and demonstrate the impact our work has had on the agency's programs and operations.

On March 20, 2018, the White House's Office of Management and Budget released the FY 2019 President's Management Agenda, which lays out a long-term vision for modernizing the Federal Government in key areas. It seeks to improve the ability of agencies to deliver mission outcomes, provide excellent service, and effectively steward taxpayer dollars on behalf of the American people. According to the Agenda, modernizing government for the 21st century requires work in three key areas:

> *(1) modern information technology must function as the backbone of how government serves the public in the digital age;*
>
> *(2) data, accountability, and transparency initiatives must provide the tools to deliver visibly better results to the public, while improving accountability to taxpayers for sound fiscal stewardship and mission results; and*
>
> *(3) the workforce for the 21st century must enable senior leaders and front-line managers to align staff skills with evolving mission needs.*

NARA's revised strategic plan for 2018-2022, issued in February 2018, incorporates the tenets of these three areas in its defined strategic objectives and goals to be accomplished. Likewise, the OIG stands ready to assist NARA in meeting the President's Agenda by providing quality oversight and analysis. Through our audits and other products, we strive to determine whether NARA programs and operations are economical, efficient and effective; and how they may be improved. Moreover, the OIG Office of Investigations continues to refine its assessment program, developing new assessments and other products that can review NARA programs for the likelihood of fraud, waste, and abuse.

I continue to be extremely proud of the hard work and tireless efforts of my staff, and I commend their efforts. I am also appreciative of management's efforts to assist the OIG in completion of our audit and investigative efforts.

James Springs
Inspector General

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Visit www.archives.gov/oig/ *to learn more about the National Archives Office of Inspector General.*

EXECUTIVE SUMMARY

This is the 58th Semiannual Report to Congress summarizing the activities and accomplishments of the National Archives and Records Administration (NARA) Office of Inspector General (OIG).[1]

Audits and Reports

The OIG continued to assess the economy and efficiency of NARA's programs and operations, and to examine NARA's Information Technology (IT) systems, including the Electronic Records Archives (ERA). During the reporting period, the OIG issued the following audits and other non-audit reports. Each report portrays a snapshot in time at the end of the fieldwork and may not reflect the current situation at the end of the reporting period. Only products labeled as audits are conducted in accordance with the Government Auditing Standards.

Audits of Programs and Operations

- **Audit of NARA's Compliance under the Digital Accountability and Transparency (DATA) Act of 2014.** Although NARA's financial and award data was submitted timely, it was not complete. We also noted errors in accuracy of the data where awards were not included everywhere they needed to be. These instances occurred when an action was taken in one period but finalized in another period. NARA detected this timing issue and has implemented steps to prevent it from occurring in the future. (OIG Audit Report No. 18-AUD-02, dated November 8, 2017. See page 12.)

- **Audit of NARA's Fiscal Year (FY) 2017 Consolidated Financial Statements.** NARA received an unmodified opinion on their financial statements. There was one significant deficiency in internal control over financial reporting related to information technology controls. There were no material weaknesses in internal control over financial reporting, and no instances of noncompliance with certain provisions of laws, regulations, contracts and grant agreements. (OIG Audit Report No. 18-AUD-03, dated November 14, 2017. See page 13.)

- **Audit of the Office of the Federal Register's Administration of the Electoral College Process.** Although the OFR indicated tasks were completed during their role as an administrator, they were unable to provide sufficient evidence to demonstrate completion of those tasks in accordance with their policies and procedures. Additionally, documented policies and procedures were not always followed by the OFR. This occurred because there was inadequate management oversight and management did not define and implement a formalized process to document work performed during the Electoral College process. Without effective management oversight, regular status updates, and up-to-date written procedures, NARA lacks assurance the responsibilities delegated to the OFR were performed in accordance with policies and procedures, and all the Certificates of Ascertainment and Vote received by NARA were properly accounted for in the Electoral College process. (OIG Audit Report No. 18-AUD-04, dated March 29, 2018. See page 13.)

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[1] A numbering error in a 2002 report was discovered and corrected this period.

EXECUTIVE SUMMARY

- **Audit of NARA's Legacy Systems.** NARA does not have adequate controls in place to identify, track, and monitor its use and maintenance of legacy information technology (IT) systems. Until such controls are implemented, NARA's oversight of its IT investments will continue to be impaired and spending may be wasteful. Further, NARA cannot properly account for the total costs of its information systems. Without providing the appropriate oversight of information systems, NARA may be constrained in their ability to assess how effectively they are adopting provisioned services. NARA also continues to operate and maintain legacy systems whose functionality should have been subsumed by the original Electronic Records Archives (ERA). Until NARA integrates the functionality for these systems into ERA 2.0 or other systems, NARA will continue to accrue approximately $5 million per year on O&M of legacy systems that could be put to better use. Finally, NARA does not assess the cost and benefits of each investment alternative or conduct operational analysis during its Capital Planning and Investment Control (CPIC) process. As a result, NARA may not have all of the necessary information to determine the best investment alternative. (OIG Audit Report No. 18-AUD-06, dated March 29, 2018. See page 14.)

Other Reports Concerning NARA Programs and Operations

- **Federal Information Security Modernization Act (FISMA) FY 2017 OIG Narrative.** NARA continued progress on its new initiatives, aided by the Information System Security Officers (ISSOs) which were in place for most of the FY 2017 reporting period. However, NARA is experiencing a gap in ISSO services and it will take time to replace them. Thus NARA's information security program is at increased risk. In addition, Information Services continued to experience changes in leadership. Also, the organization structure of the Chief Information Officer (CIO) remains challenged, as the CIO does not report directly to the head of the agency. (OIG Audit Report No. 18-R-01, dated October 25, 2017. See page 15.)

- **Purchase Card Risk Assessment.** NARA's purchase card risks remain at a moderate level. In general, NARA's policies and procedures are designed to provide reasonable assurance for implementing and managing the NARA Charge Card Program and to mitigate the potential for fraud, misuse, and delinquency. However, NARA has yet to address a few open recommendations from previous audits (Reports No. 08-02 and 11-14). (OIG Report No. 18-R-05, dated January 31, 2018. See page 16.)

- **NARA's Compliance with The President John F. Kennedy Assassination Records Collection Act of 1992 (JFK Act).** The JFK Act required NARA to establish the JFK Collection in November 1992. This collection consists of more than 319,000 documents containing more than five million pages of records. NARA started rolling releases of previously redacted JFK records in July 2017. In July and October 2017, NARA released in full about 6,700 documents to the public. However, based on requests from executive offices and agencies, President Trump allowed the temporary withholding of certain information that would harm national security, law enforcement, or foreign affairs. The majority of documents in the JFK Collection (i.e., 88 percent) have been open in full and released to the public since the late 1990s, while the remaining 12 percent included

documents released with redactions or withheld in full. Currently, 21,890 documents have not been fully released which represents about seven percent of the collection. (OIG Special Report No. 18-SR-07, dated March 29, 2018. See page 16.)

Management Assistance and Other Work

In addition to audits and investigations, the OIG continued to assist NARA and others in various ways, including the following highlights from the period.

- Continued running the Whistleblower Ombudsman program, providing training and information to potential whistleblowers on various rules and protections available. This work included one-on-one consultations with individuals; and working with other IG offices in the Federal community to comment on, interpret, and implement new legislation.
- Responded or worked on multiple requests for OIG records under the Freedom of Information Act (FOIA). During this period the complainant in a FOIA related lawsuit dropped their complaints against the OIG after receiving our declaration in a multi-agency suit.
- Provided substantial suggestions for improving NARA 306, the directive covering NARA's Drug-Free Workplace Program. Also provided input on NARA 231, the directive covering service animals at NARA facilities, and a draft of NARA's directive on telework.
- Responded to 31 requests from NARA for reviews of proposed legislation, Office of Management and Budget (OMB) regulations, congressional testimony, and other items.

EXECUTIVE SUMMARY

Investigations

The Office of Investigations (OI) receives and evaluates complaints, and conducts investigations related to fraud, waste, and abuse in NARA programs and operations. This includes identifying and recovering wrongfully alienated NARA holdings, such as missing and stolen records. Investigations showing violations of law, regulations, rules, or contract terms may result in administrative, civil, or criminal actions. These can include terminations, debarments, prison terms, probation, fines, restitution, and other actions. The OI may also conduct assessments of areas with the potential for fraud, or issue management letters detailing specific issues or vulnerabilities we observe. Assessments are typically not designed to be in-depth, detailed accounts, and are used to alert management to issues. Accordingly, they do not follow any set standards or procedures. In this period the OI received and reviewed 192 complaints and other intake actions, opened 11 new investigations, and closed 13 existing investigations.

To date in this fiscal year, cost savings calculations attributed to OI work product has exceeded $400,000. These funds were primarily attributed to the salaries of employees that were not paid due to suspensions, terminations, and resignations. For actions where the employee no longer works for NARA as a result of the investigation, we calculated the savings as one year worth of the offending employee's salary. Cost savings also include any identified misused agency resources and time, theft, and other monetary calculations identified during investigations. Time abuses were calculated as three years' worth of the offending behavior. Other highlights for this reporting period include:

- 90 percent of our closed or completed investigations resulted in referrals for criminal, civil, and/or administrative action.
- In a proactive investigation we identified several possible Hatch Act violations involving NARA employees, including a senior manager. This resulted in another agency issuing several warning letters.
- We continue to work with the Department of Justice (DOJ) to recover historically significant World War II downed airmen artifacts stolen by a NARA researcher.
- We continue to monitor misuse of NARA information technology and work closely with NARA to address identified misuse.
- OI agents established that a NARA contractor's computer was used to access and download pornography. The NARA contractor was removed from the contract.

Council of the Inspectors General on Integrity and Efficiency (CIGIE) Award

In October 2017, Special Agent David Berry, together with a DOJ OIG agent, received CIGIE's Investigative Award for Excellence for their accomplishments on a joint investigation concerning NARA documents and a DOJ program. They investigated a veteran's attempt to use altered military service records obtained from NARA to fraudulently claim $700,000 from the Servicemembers' Civil Relief Act program, which is monitored and administered through DOJ.

INTRODUCTION

About the National Archives and Records Administration

Mission

The National Archives and Records Administration (NARA) drives openness, cultivates public participation, and strengthens our nation's democracy through public access to high-value government records. Simply put, NARA's mission is to preserve and provide public access to Federal records in its custody and control. Public access to these records strengthens democracy by allowing Americans to claim their rights of citizenship, hold their government accountable, and understand their history in order to participate more effectively in government.

Background

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

Federal records reflect and document America's development over more than two centuries. They are great in number, diverse in character, and rich in information. NARA holds some 15 billion pieces of paper and parchment, 40 million photographs, miles and miles of film and video, and hundreds of terabytes electronic records; as well as architectural/engineering drawings, maps, charts, artifacts, and sound recordings. The number of records born and stored solely in the electronic world will only continue to grow; thus NARA developed the Electronic Record Archives to attempt to address this burgeoning issue.

NARA involves millions of people in its public programs, including exhibitions, tours, educational programs, film series, and genealogical workshops. In fiscal year (FY) 2017, NARA had over 58 million online visits in addition to hosting 6.1 million traditional visitors, all while responding to more than 1.2 million written requests from the public. NARA also publishes the *Federal Register* and other legal and reference documents, forming a vital link between the Federal Government and those affected by its regulations and actions. Through the National Historical Publications and Records Commission, NARA helps preserve and publish non-Federal historical documents that also constitute an important part of our national heritage. Additionally, NARA administers 14 Presidential libraries preserving the papers and other historical materials of all past Presidents since Herbert Hoover.

Resources

In FY 2018, NARA was appropriated $403 million, including $385 million for operating expenses, $7.5 million for repairs and restoration of NARA-owned buildings, $6 million for the National Historical Publications and Records Commission (NHPRC), and $4.8 million for IG operations. With approximately 2,856 full-time equivalents (FTEs), NARA operates 44 facilities nationwide.

INTRODUCTION

About the Office of Inspector General (OIG)

The OIG Mission

The OIG serves the American citizen by improving the effectiveness, efficiency, and economy of NARA programs and operations. As part of our mission, we detect and prevent fraud and abuse in NARA programs and strive to ensure proper stewardship over Federal funds. We accomplish this by providing high-quality, objective audits and investigations, and serving as an independent, internal advocate. Unique to our mission among other OIGs is our duty to ensure NARA protects and preserves the items belonging in our holdings, while safely providing the American people with the opportunity to discover, use, and learn from our documentary heritage.

Background

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

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

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

Resources

In FY 2018, Congress provided $4.8 million for the OIG's appropriation, including authorization for 24 FTEs. During this period selections were made for an auditor position. Currently the OIG has 19 FTEs on board, including an Inspector General, 10 FTEs devoted to audits, six FTEs devoted to investigations, an administrative assistant, and a counsel to the Inspector General.

ACTIVITIES

Involvement in the Inspector General Community

Council of Inspectors General on Integrity and Efficiency (CIGIE)
CIGIE is an independent entity within the executive branch created to address integrity, economy, and effectiveness issues that transcend individual agencies and aid in establishing a professional, well-trained, and highly skilled workforce in the Federal OIGs. The Inspector General is a CIGIE member and regularly attends meetings discussing government-wide issues and congressional items affecting the Inspector General community.

CIGIE Legislation Committee
The Legislation Committee provides timely information about congressional initiatives to the IG community; solicits the views and concerns of the community in response to legislative initiatives and congressional requests; and presents views and recommendations to congressional committees and staff, the Government Accountability Office, and the Office of Management and Budget on issues and legislation affecting the IG community. The OIG counsel attends committee meetings for the IG, who serves as a member. Counsel remains involved in various aspects of the committee's work including assisting in creating CIGIE's legislative priorities; answering various data calls; monitoring legislation for developments of interest to the community; and developing input for proposed legislative actions.

CIGIE Audit Committee
The Audit Committee provides leadership to, and serves as a resource for, the Federal IG audit community. Specifically, the Audit Committee sponsors and coordinates audit-related activities addressing multi-agency or government-wide issues, maintains professional standards for OIG audit activities, and administers the audit peer review program. The Audit Committee also provides input to the CIGIE Professional Development Committee on training and development needs of the CIGIE audit community, and gives advice to the Chairperson, Vice Chairperson, and Executive Director regarding CIGIE's contracts for audit services. The AIGA attends committee meetings for the Inspector General, who serves as a committee member.

CIGIE Investigations Committee
The Investigations Committee advises the community on issues involving criminal investigations and investigative personnel. The committee also works on establishing criminal investigative guidelines. The AIGI attends these meetings for the Inspector General, who is a member. The AIGI is involved in helping provide guidance, assistance, and support to the Investigations Committee in the performance of its duties.

Council of Counsels to Inspectors General (CCIG)
The OIG counsel currently serves as a vice chair of the CCIG. The CCIG provides a rich environment wherein legal issues can be raised and interpretations can be presented and reviewed with an experienced network of OIG lawyers from across the Federal community.

ACTIVITIES

CIGIE Training Institute
The OIG counsel continued to work with the CIGIE Training Institute. In this period OIG counsel taught the Inspector General Authorities course and the IG authorities section of IG 101, a course for newly appointed IGs.

Whistleblower Ombudsman Working Group (WOWG)
In accordance with the spirit of the Whistleblower Protection Enhancement Act of 2013, the IG appointed the OIG counsel as the whistleblower ombudsman. Counsel meets with the WOWG to develop best practices, discuss community-wide issues, and learn about training programs.

CIGIE IT Committee Data Analytics Working Group (DAWG)
The OI and OA regularly attend and participate in the DAWG. The DAWG was created to assist IGs in acquiring tools and knowledge to better assess fraud, waste, and abuse within agency programs.

CIGIE Enterprise Risk Management Working Group (ERMWG)
The OA regularly attends and participates in the ERMWG. The ERMWG contributes to the promotion and implementation of ERM principles in accordance with OMB Circular A-123 within the offices of the Inspectors General (OIG) community. OA is also a member of a subgroup with the ERMWG responsible for implementing an ERM Risk Assessment Approach for audit planning purposes.

IG Commemoration Working Group (IG WG)
The OA regularly attends and participates in the IG WG. This ad-hoc working group is tasked with planning and coordinating events to celebrate the 40th anniversary of the IG act that created the first Offices of Inspector General at large Departments; the 30th anniversary of the amendments that extended the reach of the IG Act to designated entities; and the 10th anniversary of the IG Act amendments that created CIGIE.   OA serves on the Branding Sub-Committee of the IG WG and led the efforts to create logos, themes, banners, etc. to be used throughout the commemorative events.

CIGIE Federal Audit Executive Council (FAEC)
The OA regularly attends and participates in the FAEC. The FAEC discusses and coordinates issues affecting the Federal audit community with special emphasis on audit policy and operations of common interest to Federal Audit Executive Council (FAEC) members.

Oversight.gov Information Sharing
The OIG fully participates in oversight.gov, a CIGIE driven single source portal to search through reports of multiple OIGs.

ACTIVITIES

Peer Review Information

Peer Review of NARA OIG's Audit Organization

The most recent peer review of the NARA OIG audit function was performed by the National Labor Relations Board (NLRB). In its report issued March 15, 2017, the NARA OIG received a peer review rating of pass for its system of quality control for FY 2016. The next peer review of the OIG's audit function is scheduled for FY 2019.

Peer Review of NARA OIG's Office of Investigations

As previously reported, in January 2016 a team of special agents from the Treasury OIG conducted a comprehensive, multi-day, review of the Office of Investigations' operations in accordance with CIGIE's current "Quality Standards for Investigations." On February 1, 2016, Treasury's team found our system of internal safeguards and management procedures for investigations to be in full compliance with all applicable guidelines and regulations. There are no outstanding recommendations from this review.

NARA OIG Peer Review of Other OIGs

The NARA OIG Office of Audits conducted a peer review of the Export-Import Bank (EXIM) of the United States for the period ending March 31, 2017. In this report, issued on September 8, 2017, the EXIM audit organization received a rating of pass for its system of quality control.

Response to Congressional Items

In addition to communicating and meeting with congressional staff over the period to keep Congress informed about agency and OIG activities, the OIG responded to the following items:

Request from House Committee Staffers

The OIG responded to a request from the staff of a House committee to discuss how certain potential bill language would affect the CIGIE community.

Senator's Request for Freedom of Information Act (FOIA) Processing Information

A Senator requested CIGIE survey the OIG community concerning whether agencies were redacting information from OIG reports pursuant to the deliberative process privilege. We responded to the Senator's office that NARA has not tried to interject on whether the OIG decided to redact any information or not from our reports based on any claims invoking the deliberative process privilege.

AUDITS AND REPORTS

Audit and Reports Overview

During this reporting period, the OIG issued four final audits and three other reports. These other reports include such things as Special Reports (which are used to convey information or issues to management officials without the technicalities of an audit) and do not follow the Government Auditing Standards. The information below is based on results at the conclusion of field work, as depicted in the final reports. It is possible that NARA may have made improvements and/or addressed some of the issues after such time.

Additionally, we initiated or continued work on the following audits or other non-audit reports:

- NARA's Oversight and Management of Contracts, determining whether NARA provides effective oversight and management of its contracts. This includes determining whether NARA can demonstrate monitoring contractor performance according to Federal requirements and guidance, NARA policies and procedures, and the terms of the contract.
- NARA's Processing of Textual Records, determining whether weaknesses identified in the Audit of Processing of Textual Records (OIG Audit Report No. 13-14, dated September 18, 2013) still exist and internal controls are adequate to meet the mission of processing textual records. Also, we will evaluate the impact of digitization on processing.
- NARA's Continuity of Operations Readiness, determining whether NARA is appropriately prepared (i.e., has documented policies/procedures, personnel, technology, failover/redundancy location(s), and training) to continue its mission-essential functions in case of a contingency.
- NARA's Human Capital Practices, determining whether NARA's human capital practices were operating efficiently and effectively. Specifically, we focused on staffing and recruitment practices.
- NARA's Oversight of Electronic Records Management in the Federal Government, determining whether weaknesses identified in the Audit of NARA's Oversight of Electronic Records Management in the Federal Government (OIG Audit Report 10-04, dated April 2, 2010) still exist and program/internal controls are adequate to meet the mission of electronic records management.
- NARA's Compliance with Improper Payments Elimination and Recovery Act (IPERA), determining NARA's compliance with IPERA.
- NARA's Purchase Card Program, determining whether internal controls for NARA's Purchase Card Program (PCP) are adequately designed and appropriately implemented to effectively deter fraud, waste, or abuse; the PCP has effective oversight and management; and the PCP is operating in compliance with applicable laws, regulations, and agency policies.
- CIGIE Purchase Card Project, analyzing and reviewing purchase card transactions using the same tools and control tests as multiple agency IGs.

AUDITS AND REPORTS

Audit Summaries

Audit of NARA's Compliance under the DATA Act of 2014

We contracted with an independent certified public accounting firm to conduct a performance audit of NARA's compliance under the DATA Act. The objectives were to assess the completeness, timeliness, quality, and accuracy of the fiscal year (FY) 2017, 2nd Quarter financial and award data NARA submitted for publication on USASpending.gov, and the implementation and use of the Government-wide financial data standards established by the Office of Management and Budget (OMB) and the U.S. Department of the Treasury (Treasury).

Our contractor found the 2nd quarter financial and award data submitted was timely, but not complete. We also noted errors in accuracy of the data where awards in File C were not included in File D-1. These instances occurred when an action was taken in one period but finalized in another period. NARA detected this timing issue and has implemented steps to prevent this type of error from occurring in the future. There were also occurrences of non-financial information on File D-1 not agreeing with the information in the source system. Moreover, there were instances where information did not agree to source systems outside of the control of NARA, for example, the System of Awards Management (SAM). This and several other data broker issues were noted during the audit. These issues are known to and recognized by the CIGIE Federal Audit Executive Council (FAEC) DATA Act Working Group. Lastly, we did not find exception to our test of NARA's financial data reported in accordance with the 57 data definition standards for DATA Act reporting established by OMB and Treasury.

NARA contracts for its financial management services through an interagency agreement with Treasury's Bureau of Fiscal Services (BFS), Administrative Resource Center (ARC), a federal shared service provider (FSSP). Those services consist of hosting, general accounting, accounts payable processing, travel interface processing, accounts receivable processing, reports analysis and periodic financial reporting processing. Further, BFS/ARC scope of services includes reporting NARA's financial and award data in compliance with the DATA Act. ARC has put in place controls necessary to implement and use the government-wide financial data standards required. ARC's compliance under DATA Act for its customers like NARA is audited by the Treasury OIG.

The report made two recommendations instructing NARA to monitor and evaluate the effectiveness of controls and procedures implemented subsequent to the 2nd quarter submission to ensure errors with data between BFS/ARC's Purchase Request Information System (PRISM) and Federal Procurement Data System-Next Generation (FPDS-NG) are identified and corrected timely. Also, NARA should also review and enhance the process to validate and reconcile data of contract and grant awardees, including demographic data, for all DATA Act files back to the source system on a regular basis and prior to file submission to USASpending.gov. (OIG Audit Report No. 18-AUD-02, dated November 8, 2017.)

AUDITS AND REPORTS

Audit of NARA's FY 2017 Consolidated Financial Statements

We contracted with an independent certified public accounting firm to audit NARA's Consolidated Balance Sheets as of September 30, 2017; and the related Statements of Net Cost, Changes in Net Position, and Budgetary Resources.

NARA received an unmodified opinion on their financial statements. There was one significant deficiency in internal control over financial reporting related to information technology controls. There were no material weaknesses in internal control over financial reporting and no instances of noncompliance with certain provisions of laws, regulations, contracts and grant agreements.

We monitored our contractor to ensure the audit was conducted in accordance with the contract, and in compliance with the Government Accountability Office's Government Auditing Standards and other authoritative references, such as OMB Bulletin No. 17-03, Audit Requirements for Federal Financial Statements. Our review disclosed no instances wherein our contractor did not comply, in all material respects, with the contract or Government Auditing Standards. (OIG Audit Report No. 18-AUD-03, dated November 14, 2017.)

Audit of the Office of the Federal Register's Administration of the Electoral College Process

The Electoral College process was established under Article II and Amendment 12 of the U.S. Constitution. It consists of the selection of the electors by voters in each state, the meeting of the electors to vote for the President and Vice President of the United States, and the counting of the electoral votes by Congress. The Archivist of the United States is responsible for carrying out ministerial duties on behalf of the States and the Congress under 3 U.S.C. §§ 6, 11, 12, 13. The Archivist has delegated to the Director of the Federal Register the authority to carry out those ministerial duties, for which the Office of the Federal Register (OFR) has developed and documented additional policies and procedures. We conducted this audit to determine whether the OFR implemented proper controls for the administration of these duties within the Electoral College process, including properly maintaining records from the process.

The Archivist has delegated the responsibility for administering NARA's ministerial duties in the Electoral College on behalf of the States, the Congress, and the American people to the OFR. The OFR also acts as a trusted agent of the Congress in the sense that it is responsible for reviewing the legal sufficiency of the certificates (review for completeness and accuracy) before the House and Senate accept them as evidence of official State action. The OFR's work during the Electoral College process is limited to ensuring the completeness and integrity of the Electoral College documents submitted to Congress, and making sure the documents are made available for public inspection at the OFR for one year before being transferred to NARA for permanent retention.

Although the OFR indicated tasks were completed during their role as an administrator, they were unable to provide sufficient evidence to demonstrate completion of those tasks in accordance with their policies and procedures. Additionally, documented policies and procedures were not always followed by the OFR. This occurred because there was inadequate

management oversight and management did not define and implement a formalized process to document work performed during the Electoral College process. Without effective management oversight, regular status updates, and up-to-date written procedures, NARA lacks assurance the responsibilities delegated to the OFR were performed in accordance with policies and procedures, and all the Certificates of Ascertainment and Vote received by NARA were properly accounted for in the Electoral College process.

The OFR needs to develop detailed procedures and a formalized process for work performed during the Electoral College process. This report included six recommendations, which were intended to strengthen the OFR's internal controls related to its responsibilities in this process. (OIG Audit Report No. 18-AUD-04, dated March 29, 2018.)

Audit of NARA's Legacy Systems

According to a recent Government Accountability Office (GAO) report, the Federal Government invests more than $80 billion on Information Technology (IT) annually, with much of this amount reportedly spent on operating and maintaining existing (legacy) IT systems. GAO goes on to state given the magnitude of these investments, it is important that agencies effectively manage their operations and maintenance (O&M). According to OMB, overall IT investments in steady state assets have increased in each year since 2003. In 2008, we issued an advisory report regarding NARA's reliance on legacy systems for day-to-day operations, and to accomplish its strategic goal to "Make Access Happen." We performed this audit to determine if NARA has controls in place to identify, track, and monitor its use and maintenance of legacy IT systems.

NARA does not have adequate controls in place to identify, track, and monitor its use and maintenance of legacy IT systems. We found NARA has not defined what systems are considered legacy; has not documented the age of their systems; does not know the true cost of all its systems; and does not have a centralized process to track legacy systems. NARA has not implemented adequate and effective internal and management controls to track and monitor its use of legacy systems. Until such controls are implemented, NARA's oversight of its IT investments will continue to be impaired and spending may be wasteful; and NARA may be unnecessarily devoting a large portion of its small IT budget to operating and maintaining legacy systems.

NARA cannot properly account for the total costs of its Information Systems. This condition exists because Information Services does not have appropriate visibility into all of NARA's information systems and does not have appropriate authority to enforce requirements and needed changes throughout the agency. Information Services is not able to accurately report the costs associated with NARA's information systems to OMB. Without providing the appropriate oversight of information systems, NARA may be constrained in their ability to assess how effectively they are adopting provisioned services.

NARA continues to spend appropriated funds to operate and maintain legacy systems whose functionality should have been subsumed by the original Electronic Records Archives (ERA). Although NARA did not integrate the functionality of those legacy systems into the original ERA system (primarily due to OMB's decision to end ERA development early), the agency did

not identify and implement compensating controls over all legacy systems associated with ERA. As a result, NARA has already spent approximately $33 million in O&M and another $12 million to develop a new system. Until NARA integrates the functionality for these systems into ERA 2.0 or other systems, NARA will continue to accrue approximately $5 million per year on O&M of legacy systems that could be put to better use.

Information Services does not assess the cost and benefits of each alternative or conduct operational analysis during its CPIC process. It also does not conduct risk assessments for all information systems. NARA's policies and procedures do not require documentation of cost and benefits and NARA has not made conducting risk assessments a priority. As a result, the Investment Review Board may not have all of the necessary information to determine the investment alternative that is in the best interests of NARA. Additionally, NARA runs the risk of managing large dollar acquisitions that may result in cost and schedule overruns, while falling short of meeting user's needs.

NARA needs to implement greater controls over the tracking and monitoring of legacy systems to ensure these systems are identified and upgraded, or replaced before the technology becomes out of date and outlives its usefulness, and the cost to operate these systems outweighs its intended benefits. This report included 10 recommendations intended to strengthen controls over NARA's legacy systems. (OIG Audit Report No. 18-AUD-06, dated March 29, 2018.)

Summaries of Other Major Reports

Federal Information Security Modernization Act (FISMA) FY 2017 OIG Narrative

NARA continued progress on its new initiatives, aided by the Information System Security Officers (ISSOs) which were in place for most of the FY 2017 reporting period. However, since NARA is experiencing a gap in these services and it will take time to initiate and cycle replacement services, NARA's information security program is at increased risk. In addition, Information Services continued to experience changes in leadership, including the appointment of a new Chief Technology Officer in December 2016. Also, the organization structure of the CIO remains challenged; as the CIO does not report directly to the Archivist.

As a vital step to improving NARA's information security program, NARA will need to ensure it develops its capability to document, update, communicate, disseminate, and implement its program policies and procedures at both the organization and information system levels. Improvements can also be made to the program function areas. For example, within its risk management program NARA should continue to develop its ability to identify and evaluate existing systems on its network in order to ensure accurate, up-to-date, and complete inventories are maintained for its systems and related components. Given current government initiatives to move to the cloud, NARA will also need to further its capabilities to provide adequate security protections for those systems and information externally hosted by contractors, including cloud computing systems.

NARA can improve its identity and access management capability by 1) developing and implementing an Identity, Credential, and Access Management (ICAM) strategy; 2) ensuring

privileged account reviews are conducted; 3) ensuring system access request forms are consistently implemented for individual systems, and 4) ensuring the completion of system E-authentication risk assessments.

NARA's security training function could better identify individuals with significant security responsibilities and those that require specialized security training. NARA can improve its posture to better gauge the effectiveness of its security and awareness training program by also improving its assessment of the knowledge, skills and abilities of NARA's workforce, and obtaining and evaluating training feedback. NARA should also work to improve its contingency planning function to ensure it completes and tests its system-level contingency plans, conducts system BIAs, and includes implementation plans for Contingency Plan controls in its Shared Service Providers (SSPs).

NARA continues to stress their commitment to improving information security throughout the agency and states they will continue to work with the OIG to ensure information security weaknesses are addressed. (OIG Audit Report No. 18-R-01, dated October 25, 2017.)

Purchase Card Risk Assessment

Based on 1) the number of purchase cardholders, 2) amounts spent in FY 2017 using purchase cards, and 3) internal controls observed, we assessed the risk over purchase cards as moderate. NARA's policies and procedures are designed to provide reasonable assurance for implementing and managing NARA's Purchase Card Program and to mitigate the potential for fraud, misuse, and delinquency except for the related open audit recommendations noted.

We are currently conducting an audit of the agency's Purchase Card Program. We also plan to audit certain aspects of the purchase or travel card programs on a recurring basis (every three years) to assess program efficacy and oversight. (OIG Report No. 18-R-05, dated January 31, 2018.)

NARA's Compliance with The President John F. Kennedy Assassination Records Collection Act of 1992 (JFK Act)

As required by the JFK Act, NARA established the JFK Collection in November 1992 which consists of more than 319,000 documents containing over 5 million pages of records. The majority of documents in the JFK Collection (i.e., 88 percent) have been open in full and released to the public since the late 1990s, while the remaining 12 percent included documents released with redactions or withheld in full. Currently, 21,890 documents have not been fully released which represents about 7 percent of the collection.

NARA's planning for the October 2017 JFK record release started in earnest in January 2014. NARA's Special Access and Freedom of Information Act Staff put together a team of archivists to work on the release and a project plan was developed, which was used to guide the team's work.

AUDITS AND REPORTS

NARA staff attended multi-agency meetings hosted by the National Security Council to urge agencies to review the records in accordance with the guidelines provided in the JFK Act. In addition, the team assisted agencies in their review, even hosting staff from one agency for five months and providing access to their records in the collection.

In February 2017, follow-up letters were sent out requesting a summary of agencies review efforts to date and asking if there were any records that can be released immediately. NARA started rolling releases of previously redacted JFK records in July 2017. In July and October 2017, NARA released in full about 6,700 documents to the public. However, based on requests from executive offices and agencies, President Trump allowed the temporary withholding of certain information that would harm national security, law enforcement, or foreign affairs. On October 26, 2017, President Trump issued a memorandum that directed agencies to re-review each and every one of their redactions over the next 180 days.

After October 26, 2017, NARA had four additional releases in 2017 in which over 28,000 JFK assassination documents were released. In January 2018, NARA issued an additional letter to agencies with equities that included a list of every document not yet released in full by that agency. NARA requested an update with the status of each document. NARA also requested a new redacted form, prepared for public release, for any document continuing to be withheld, where the redactions have changed from the releases in 2017. The letter also stated the Archivist will consider each proposed withholding using the guidelines provided in President Trump's October 26, 2017 memorandum.

Of the 21,890 records that have not been released in full, many of these records were released in 2017 with redactions. Agencies with equities were to report back to NARA by March 12, 2018 with recommendations on what records can be released with reduced redactions or released in full. We will continue to monitor NARA's work related to the continued release of JFK assassination documents. (OIG Special Report No. 18-SR-07, dated March 29, 2018.)

INVESTIGATIONS

Investigations Overview

The Office of Investigations (OI) receives and evaluates complaints and conducts investigations related to fraud, waste, and abuse in NARA programs and operations. This includes identifying and recovering wrongfully alienated NARA holdings. Investigations showing violations of law, regulations, rules, or contract terms may result in administrative, civil, or criminal actions. These can include things such as terminations, debarments, prison terms, probation, fines, restitution, and other actions. The OI may alert management to potential problems or vulnerabilities through Management Letters or other products if a full investigation is not warranted or appropriate. The OI may also conduct assessments of areas with the potential for fraud. Assessments are typically designed to proactively review limited aspects of NARA's programs and operations such as contract compliance and telework adherence. They are intended to be quick looks at potential issues, and are not designed to be in-depth, detailed accounts. Accordingly, they do not follow any set standards or procedures. The purpose is to alert management to issues. While they may offer suggestions, they generally do not make recommendations for corrective action.

Significant Investigations and Updates

Whistleblower Retaliation
The OI received a complaint that a NARA manager retaliated against a subordinate after they made a protected disclosure claiming the manager possibly violated law and NARA policy. Investigation revealed the manager's time and attendance record was inconsistent with their access badge logs. After the whistleblower made the protected disclosure, the manager retaliated by officially notifying the whistleblower they would be considered Absent Without Leave (AWOL) for previous incidents, contrary to the manager's previous actions and practice. While the manager indicated the AWOL notices were not disciplinary, they could be used to take disciplinary actions in the future. Further, a Federal employee does not receive pay in an AWOL status. Ultimately the employee was not charged with being AWOL in their time and attendance record. The manager left NARA employment prior to the conclusion of the OI investigation.

Registered Sex Offender Visited NARA Property with a Daycare Facility
A NARA researcher, who was also a former employee, was a registered child sex offender and was in violation of their probation when they visited a NARA property because the building housed a daycare facility. The daycare facility did have a separate locked entrance. Investigation determined that the researcher had visited the NARA property approximately 100 times over a several month period in 2017. After coordination with local authorities, a felony arrest warrant was issued and the researcher was subsequently arrested. At prosecution, the local prosecutor withdrew the charges. NARA permanently banned the researcher from visiting the facility.

NARA Employee Threatened Gun Violence in the Workplace
Investigation found during a meeting with a supervisor, a NARA employee threatened a co-worker with gun violence, stemming from an ongoing personal dispute. After leaving the meeting, the NARA employee immediately made additional confrontational comments to other NARA employees. Local officials declined to prosecute criminally; however, the results of this investigation were forwarded to NARA for potential administrative actions against the employee.

INVESTIGATIONS

NARA Employee Drove to Work While on the Public Transit Subsidy Program (PTSP)
A NARA employee was receiving PTSP benefits while also parking in a government provided garage. The employee's supervisor was aware. However, the employee was not using the PTSP funds while driving to work. The unused PTSP funds, totaling $1,980, were returned to the Government. However, due to the lateness of the return, the funds could not be used during the fiscal year. Additionally, this investigation determined that across the agency in FY 2017, $40,511.97 in unused PTSP funds were returned to NARA and those funds were not able to be used during the fiscal year.

Theft of World War II Era Personal Artifacts of Downed Airmen
In a previous Semiannual Report, the OI reported executing a Federal search warrant on the private residence of a researcher suspected of stealing military "dog tags" and documents originally belonging to airmen who had been downed in World War II. The search warrant yielded a number of the historic artifacts, and information used to track down and retrieve additional items that had been sold to customers across the United States and in Europe. In January 2018, the researcher pleaded guilty to one count of theft, and sentencing is scheduled for April 2018. The researcher could be sentenced to a ten-year period of incarceration.

Recovery of Two NARA iPads
In a previous Semiannual Report, the OI reported identifying a former contract employee who stole two iPads from NARA, and making a criminal referral. As part of a negotiation, the charges involving NARA were dismissed, but the subject pleaded guilty to another theft and was sentenced to three months in prison, twelve months of probation, and restitution in the amount of $1,121.

Streaming Music and Sports Using NARA Internet and NARA Issued Computer
In a previous Semiannual Report, the OI reported a NARA employee had spent significant quantities of working time streaming music and viewing various sports-related and other websites on their NARA-issued computer. The OI referred its findings to the agency, which issued a Letter of Warning.

Investigations of Senior Government Employees

Hatch Act Violations During Election Season
Previously the OI reported on a proactive Hatch Act review of employee email during the 2016 election, concluding with a referral of our findings to the Office of Special Counsel (OSC), which bears primary responsibility for Hatch Act enforcement. In this reporting period, the OSC cleared several employees and determined that four employees had violated the Hatch Act with political emails from their government accounts. The OSC issued a warning letter to each of the four employees, including one who is a GS-15.

Significant Referrals

Excessive Internet Use at Work
Ongoing review of internet use at NARA flagged three employees for significantly excess personal use. Follow-up review of the three employees' internet user histories at work over the

four-month period from July through October 2017 revealed a recurring pattern of frequent, excessive, non-work-related, internet browsing for large blocks of time throughout the course of the employees' average workdays. In response to our findings, the agency issued a Letter of Counseling to each of the three employees.

Email Records Destroyed
An employee handling a routine information exchange between NARA and the U.S. Department of Agriculture inappropriately deleted all of the emails involved. The employee acknowledged being aware of policy prohibiting deleting emails that are part of the agency's official record, but was unable to provide an explanation for the act. In response to our findings, the agency issued a Letter of Reprimand to the employee.

Veteran's Missing Records Located
A veteran who had contacted the National Personnel Records Center (NPRC) for copies of military records was informed both that their original records had been turned-over to the Defense Security Service (DSS) at that agency's request, and that no copies of the records had been kept. The veteran contacted the DSS, but DSS was unable to locate the records. A member of the DSS OIG who was working with the veteran contacted the NARA OIG, and we referred the matter administratively to the NPRC for review. With the assistance of NPRC's management, the veteran's records were found after a special effort by NPRC staff, and copies were sent to the veteran.

Original Official Personnel Folder Retrieved from OPR
A person who had worked for the Federal Government asked the NPRC for a copy of their Official Personnel Folder but was informed both that the records had been turned-over to the U.S. Customs Service (Customs) in 2001 at that agency's request, and that no copies of the records had been kept. The complainant was unable to follow up directly with Customs because that agency no longer exists in its original form. The OIG referred the matter to NPRC personnel, who with considerable effort worked with both the U.S. Department of Homeland Security and the Office of Personnel Management to track down the missing records, return them to NARA, and to provide the complainant with copies.

Family Member's Missing Military Record Located
A private citizen requested a copy of a relative's military records from the NPRC to support the veteran's inclusion in a public memorial, but was informed both that the records had been turned-over to the U.S. Department of Veterans' Affairs (VA), and that no copies of the records had been kept. In response to our referral to the NPRC for any additional information that might allow the citizen to follow-up with the VA, NPRC staff determined that human error had incorrectly made it appear that the records no longer existed in any form here at NARA. As the result of NPRC's review of the mistake, no systemic problem was discovered, the human point of error received additional training, and the citizen received the specific document that they had requested, free of the usual reproduction charges.

INVESTIGATIONS

Oversight

Assessment of Employee Misuse of NARA Information Technology Resources

NARA 802, Use and Monitoring of NARA Office and Information Technology (IT) Equipment and Resources (NARA 802) offers extensive guidance to NARA employees, making clear the distinctions between, e.g., work-related and personal use of the agency's IT resources, and between appropriate and inappropriate use of the agency's information technology resources. While effective blocking technology exists and is, subject to specific restrictions, in use at NARA, the technology is imprecise. There is as yet no effective substitute for human review and judgment in considering what constitutes "abuse" of the agency's IT resources. In this reporting period, the Office of Investigations conducted periodic, regular assessments of raw data captures of agency IT resources by all NARA employees. Our particular focus was on the areas of:

● Gambling, or other forms of online gaming
● Pornography
● Proxy Avoidance
● Streaming media and file transfers

Each assessment in this reporting period has resulted in one or more NARA employees being identified as potentially in violation of NARA 802. Each employee flagged by one of our assessments will be reviewed further in individual inquiries.

Assessment of Potential Conflict of Interest by NARA Employees

NARA contracts with hundreds of vendors. As a small agency NARA is susceptible to criminal conflict of interest and other fraud as limited resources may restrict potential program oversight. This was proven in prior investigations involving conflict of interest and conspiracy in which NARA employees were employed as NARA researchers and NARA contractors under aliases. We performed a limited assessment analyzing one potential fraud indicator associated with employee and vendor co-affiliation, using data analytics to determine whether available address data sets indicated that any NARA employees were associated with NARA vendors. We found no potential fraud with the data sets we analyzed.

INVESTIGATIONS

OIG Hotline

The OIG Hotline provides a confidential channel for reporting fraud, waste, abuse, and mismanagement to the OIG. In addition to receiving telephone calls at a toll-free Hotline number and letters to the Hotline post office box, we also accept emails through the Hotline email system and an online referral form. Walk-ins are always welcome. Visit *http://www.archives.gov/oig/* for more information, or contact us:

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

The OI promptly and carefully reviews calls, letters, and email to the Hotline. Hotline intakes which warrant further action may be processed as preliminary inquiries to determine whether they should be investigated as numbered investigations. Some Hotline intakes may not warrant further action by the OI. Where appropriate, referrals may be made to OIG audit staff, NARA management, or external authorities.

Hotline Activity for the Reporting Period	
Hotline and Complaints received	192
Hotline and Complaints referred to NARA or another entity	40

Contractor Self-Reporting Hotline

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

TOP TEN MANAGEMENT CHALLENGES

Overview

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

1. Electronic Records Archives

The Electronic Records Archives (ERA) system is a repository for electronic Presidential, Congressional, and Federal agency records that was initially billed as storing files in any format for future access. The ERA system is NARA's primary strategy for addressing the challenge of storing, preserving, transferring, and providing public access to electronic records. However, virtually since inception, the program has been fraught with delays, cost overruns, and technical short-comings and deficiencies identified by our office and the Government Accountability Office (GAO). As a result, many core requirements were not fully addressed, and ERA lacks the originally envisioned functionality.

The ERA Base System for Federal electronic records has had many problems with its reliability, scalability, usability, and costs, which have prevented it from being adequate for both NARA's current and expected future workload. Given the limitations of the system in managing the transfer, processing and storage of large deliveries of digital materials, as well as advances in technology (particularly cloud computing), NARA has determined it is essential to evolve the current ERA Base System. This will entail the correction and re-factoring of current capabilities, as well as the adaptation and expansion of capabilities in order to fulfill the agency's mission to meet the expected demands of a rapidly growing backlog of digital and digitized materials. NARA's solution to address the system limitations is the ERA 2.0 Project. This is an on-going development effort with initial implementation currently planned for August 2018 and lifecycle costs estimated at $45 million. The ERA 2.0 Project Plan also includes the subsuming of legacy systems over fiscal years (FY) 2018 – 2020 and deploying a classified ERA 2.0 in FY 2020. Until the ERA 2.0 functionality is tested and implemented into the production system, longstanding deficiencies may continue to impact functionality of the ERA Base System. ERA faces many challenges going forward. These include the growth in the amount and diversity of digital materials produced by government agencies and the need for expanded capabilities to achieve the mission of driving openness, cultivating public participation, and strengthening the nation's democracy through access to high-value government records.

2. Improving Records Management

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 while reacting and adapting to a rapidly changing technological environment in which electronic records, particularly email, 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.

In August 2012, the Office of Management and Budget (OMB) and NARA jointly issued Memorandum 12-18, *Managing Government Records Directive*, creating a robust records management framework. This directive requires agencies, to the fullest extent possible, to eliminate paper and use electronic recordkeeping. It is applicable to all executive branch agencies and to all records, without regard to security classification or any other restriction. This directive also identifies specific actions to be taken by NARA, OMB, and the Office of Personnel Management (OPM) to support agency records management programs. Agencies must manage all permanent electronic records in an electronic format by December 31, 2019, and must manage both permanent and temporary email records in an accessible electronic format by December 31, 2016. NARA, its government partners, and Federal agencies are challenged with meeting these deadlines, determining how best to manage electronic records in accordance with this guidance, and how to make electronic records management and e-Government work more effectively.

In May 2015, GAO completed a study evaluating Federal agencies' implementation of the directive. They found NARA's plan to move agencies toward greater automation of records management did not include metadata requirements in its guidance, as required. Further, until agencies, OMB, and NARA fully implement the directive's requirements, GAO indicated the Federal government may be hindered in its efforts to improve performance and promote openness and accountability through the reform of records management. Subsequently, NARA did issue metadata guidance in September 2015. However, that is only one aspect of a complicated issue.

3. Information Technology Security

Each year, risks and challenges to IT security continue to be identified. Many of these deficiencies stem from the lack of strategic planning with regard to the redundancy, resiliency, and overall design of NARA's network. These issues not only allow for security and performance problems, but they inhibit NARA IT management from effectively establishing a tactical and innovative strategy for the next generation of NARA's network. Adding to the challenge is NARA's administrative structure as NARA's Chief Information Officer (CIO) does not report directly to the head of the agency. NARA must ensure the security of its data and systems or risk undermining the agency's credibility and ability to carry out its mission.

The Archivist identified IT Security as a material weakness under the Federal Managers' Financial Integrity Act (FMFIA) reporting process from FY 2007 to FY 2017 (with exceptions of 2013 and 2014, where it was downgraded to a reportable issue). In FY 2017, management developed an action plan to resolve the control deficiencies identified in prior years, which collectively represented a material weakness. The action plan to address such weaknesses is aligned with the cybersecurity framework (e.g., Identify, Protect, Detect, Respond, and Recover). However, the action plan is not expected to be fully implemented until FY 2020.

In addition, annual assessments of NARA's compliance with the Federal Information Security Modernization Act (FISMA) have consistently identified functional areas in need of significant improvement. While initiatives have been introduced to promote a mature information security program for the agency, real progress will not be made until NARA establishes an effective system of internal control for information security. The confidentiality, integrity, and availability of our electronic records and information technology systems are only as good as NARA's IT security program infrastructure.

4. Expanding Public Access to Records

NARA's FY 2018-2022 Strategic Plan emphasizes public access to records by including the strategic goal: "Make Access Happen." This goal affirms public access as NARA's core purpose and includes a commitment to digitize all analog archival records and make them available to the public online. Historically, the digitization approaches implemented by NARA were not large enough to make significant progress in meeting this goal. Further, due to poor planning and system limitations of the public-facing National Archives Catalog, millions of records digitized through NARA's partnership agreements were not made accessible to the public in an efficient and timely manner. NARA must ensure the appropriate management, controls, and resources are in place to successfully implement its digitization strategy and expand public access to records.

The strategic goal "Make Access Happen" also includes an initiative to accelerate archival processing in order to increase the total percent of records that are available for research. Approximately 22 percent of NARA's textual holdings have not been processed to allow efficient and effective access to them. 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. NARA must continue to deploy its standard processing procedures consistently across the agency, strengthen internal controls, and monitor its performance to meet its strategic goals.

5. Meeting Storage Needs of Growing Quantities of Records

NARA is approaching its overall limits in archival storage capacity. Space limitations are affecting NARA's accessioning, processing, preservation, and other internal efforts. NARA is challenged in acquiring sufficient archival space to store its ever-increasing volume of textual records. Without obtaining additional archival space, NARA may face challenges in meeting its mission and may have to house accessioned textual records in space not meeting its physical and environmental requirements. 44 U.S.C. § 2903 makes the Archivist responsible for the custody, control, operation, and protection of buildings used for the storage of Federal records. NARA-promulgated regulation 36 CFR Part 1234, "Facility Standards for Records Storage Facilities," requires all facilities housing Federal records to meet defined physical and environmental requirements. NARA's challenge is to ensure NARA's own facilities, as well as those used by other Federal agencies, are in compliance with these regulations; and to effectively mitigate risks to records which are stored in facilities not meeting these standards.

In addition to NARA's physical storage needs, the agency is also challenged in meeting its requirements for electronic data storage. NARA's in-house data storage is reaching capacity,

impacting the agency's digitization efforts and other IT programs dependent on scalable, secure, and readily available data storage. Increasing amounts of electronic data storage are necessary for NARA to meet its mission. Without adequate storage NARA cannot continue accepting, storing, and processing records, or make electronic records available to the public. NARA is challenged to develop an enterprise-wide data storage management solution compliant with the Office of Management and Budget's Federal Data Center Consolidation Initiative, which focuses on reducing the energy and real estate footprint of government data centers.

6. Preservation Needs of Records

NARA holdings grow older daily and face degradation associated with time. This affects both traditional paper records and the physical media electronic records and audiovisual records are stored on. According to management, preservation resources have not adequately addressed the growth in holdings needing preservation action. Preserving records is a fundamental element of NARA's duties to the country, as NARA cannot provide access to records unless it can preserve them for as long as needed. The backlog of records needing preservation remains steady. NARA is challenged to address this backlog and future preservation needs, including the data integrity of electronic records. Further, NARA's primary tool for preserving electronic records, the ERA system, has not delivered the functionality necessary to address record format obsolescence (see OIG Challenge #1). 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 and Contract Management

Effective project and contract 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 system acquisition and deployment, and providing oversight to ensure effective or efficient results within contracted costs. Currently, IT systems are not always developed in accordance with established NARA guidelines. These projects must be better managed and tracked to ensure budget, scheduling, 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 system. 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 costs 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. In another example, our office found issues in the process of implementing a Homeland Security Presidential Directive (HSPD-12) compliant

logical access control system. The HSPD-12 implementation is a long overdue project. Inadequate planning may not only result in delayed completion, but may also hinder the agency from complying with Federal laws and regulations.

Effective contract management is essential to obtaining the right goods and services at a competitive price to accomplish NARA's mission. NARA is challenged with proper management support and visibility within the organization to adequately align acquisition functions with NARA's mission and needs. NARA is challenged with strengthening the acquisition workforce and to improve the management and oversight of Federal contractors. Lastly, NARA is challenged with strengthening internal controls over acquisition functions and providing better oversight and management of its procurement activities to ensure effective and efficient processes and procedures adhere to Federal and internal guidance.

8. Physical and Holdings Security

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. NARA's implementation of the Holdings Protection Team and stricter access controls within the past five years has increased NARA's security posture. However, without adequate oversight and accountability, NARA may still continue to be challenged in implementing an effective Holdings Protection Program.

9. Human Resources Management

NARA's ability to attract, recruit, and retain employees while improving workforce morale is critical to many of the other top management challenges. Human capital is integral to NARA's future as the agency continues to build a modern and engaged workforce, develop the next generation of leaders, and encourage employees to collaborate, innovate, and learn. One of the agency's strategic goals is to "*build our future through our people.*" However, the agency has not developed a comprehensive and cohesive approach to human capital management. Adequate policies and procedures have not been developed, updated, and communicated which make it difficult to manage human capital effectively and efficiently. Further, NARA does not have one authoritative source providing the latest data to role-based users on all types of workers (Federal employee, contractor, and volunteer). The numerous existing systems make it difficult to manage the workforce. However, NARA recently announced a plan to migrate their human resources systems and services to a shared service provider, the Department of Treasury, Bureau of the Fiscal Service, Administrative Resource Center (BFS/ARC). NARA expects this move to improve the timeliness of the hiring process and provide better human capital services. The OIG had ongoing and planned audit work in these areas when the announcement was made. We plan to continue with portions of the plan not affected by the transition.

10. Enterprise Risk Management

In July 2016, OMB updated its Circular A-123, *Management's Responsibility for Enterprise Risk Management and Internal Control*, to ensure Federal managers are effectively managing risks an agency faces toward achieving its strategic objectives and arising from its activities and operations. The Circular provides updated implementation guidance to Federal managers to improve accountability and effectiveness of Federal programs as well as mission support operations through implementation of Enterprise Risk Management (ERM) practices and by establishing, maintaining, and assessing internal control effectiveness. An effective ERM capability:

- creates and protects value;
- is an integral part of organizational processes and decision making;
- is dynamic, iterative, and responsive to change; and
- facilitates continual improvement of the organization.

NARA has yet to implement an ERM program that clearly identifies, prioritizes, and manages risks throughout the organization. NARA management has not made the implementation of an ERM program a strategic priority and instead has been relying on their ICP and Management Control Oversight Council to identify and manage risks throughout the organization. As a result, management's internal control activities and assurance statements continue to be based on work at the individual function, program, and office level. Additionally, without an effective ERM process in place that clearly identifies, categorizes, and assesses the effectiveness of controls related to key risks, the Archivist's annual assurance statement to the President and Congress may not clearly reflect NARA's current internal control environment, including risks.

NARA's challenge is to ensure the agency is in compliance with requirements of the updated OMB Circular A-123, and to develop and fully implement an ERM capability.

REPORTING REQUIREMENTS

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

IG Act § or Law	Subject	Page(s)
§ 4(a)(2)	Review of legislation and regulations	4, 8, 10
§ 5(a)(1)	Significant problems, abuses, and deficiencies discovered during the reporting period	2–3, 12–17, 18–20
§ 5(a)(2)	Significant recommendations for corrective action	2–3, 12–17
§ 5(a)(3)	Prior significant recommendations on which corrective action has not been completed	34–36
§ 5(a)(4)	Summary of prosecutorial referrals and convictions	18–20 , 30
§ 5(a)(5)	Information or assistance refused and reported to agency head	33
§ 5(a)(6)	List of audit, inspection, and evaluation reports issued	31
§ 5(a)(7)	Summaries of significant reports	2–3, 12–17, 18–20
§ 5(a)(8)	Questioned costs in audits, inspections, and evaluations	31
§ 5(a)(9)	Funds put to better use in audits, inspections, and evaluations	32
§ 5(a)(10)	Prior audit, inspection, and evaluation reports with no management decision, no management comment, or unimplemented recommendations	33, 34–36
§ 5(a)(11)	Significant revised management decisions	33
§ 5(a)(12)	Significant management decisions with which the OIG disagreed	33
§§ 5(a)(14), (15), (16)	Reporting on OIG peer review	10
§ 5(a)(17)	Statistical table on investigations and referrals	30
§ 5(a)(18)	Description of metrics used in § 5(a)(17) table	30
§ 5(a)(19)	Reporting on substantiated investigations of senior government employees	19
§ 5(a)(20)	Reporting on substantiated whistleblower retaliations	18
§ 5(a)(21)	Reporting on agency attempts to interfere with OIG independence	33
§ 5(a)(22)(A)	Closed inspections, evaluations, and audits not disclosed to the public	2–3, 12–17
§ 5(a)(22)(B)	Closed investigations of senior government employees not disclosed to the public	19
P.L. 110-181	Annex on completed contract audit reports	33
P.L. 104-106	Open audit recommendations	34–36

REPORTING REQUIREMENTS

SUMMARY OF INVESTIGATIONS AND PROSECUTORIAL REFERRALS
Requirement 5(a)(4), (17), and (18)

Investigative Workload	
Hotline and complaints received and opened this reporting period	192
Hotlines and complaints referred to other parties during this reporting period	40
Investigations opened this reporting period	11
Investigations closed this reporting period	13
Investigative reports issued this reporting period	11
Investigative Results	
Total individuals referred to DOJ for prosecution	3
Individuals referred to DOJ – accepted for prosecution	1
Individuals referred to DOJ – declined for prosecution	1
Individuals referred DOJ – pending prosecution decision	1
Total individuals referred to state and local authorities for prosecution	1
Individuals referred to state and local authorities – accepted for prosecution	1
Individuals referred to state and local authorities – declined for prosecution	0
Individuals referred state and local authorities – pending prosecution decision	0
Arrest	2
Indictments and information	1
Convictions	2
Fines, restitutions, judgments, and other civil and administrative recoveries	$1,121
Administrative Remedies	
Employee(s) terminated	0
Employee(s) resigned	0
Employee(s) suspended	0
Employee(s) given letter of reprimand or warnings/counseled	7
Employee(s) taking a reduction in grade in lieu of administrative action	0
Contractor (s) removed	1
Individual(s) barred from NARA facilities	1

The numbers in the table above were compiled by our electronic case management system, and only reference actions that happened within the reporting period. If the case was a joint case worked with another investigative office, the statistics above show the total numbers for the case and do not apportion numbers to each office. Investigative reports include only Reports of Investigation for numbered investigations.

Reporting Requirements

List of Audit, Inspection, and Evaluation Reports Issued
Requirement 5(a)(6)

Report No.	Title	Date	Questioned Costs	Unsupported Costs	Funds Put to Better Use
18-AUD-02	Audit of NARA's Compliance under the DATA Act of 2014	11/8/2017	$0	$0	$0
18-AUD-03	Audit of NARA's FY 2017 Consolidated Financial Statements	11/14/2017	$0	$0	$22,741
18-AUD-04	Audit of the OFR's Administration of the Electoral College Process	2/26/2018	$0	$0	$0
18-AUD-06	Audit of NARA's Legacy Systems	3/29/2018	$0	$0	$45,350,000

List of Other Reports Issued

Report No.	Title	Date
18-R-01	FISMA Fiscal Year (FY) 2017 OIG Narrative	10/25/2017
18-R-05	Purchase Card Risk Assessment	1/31/2018
18-SR-07	NARA's Compliance with The President John F. Kennedy Assassination Records Collection Act of 1992	3/29/2018

Audit, Inspection, and Evaluation Reports with Questioned Costs
Requirement 5(a)(8)

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

REPORTING REQUIREMENTS

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

Category	Number	Dollar Value
A. For which no management decision has been made by the commencement of the reporting period (see note below)	4	$9,131,395
B. Which were issued during the reporting period	2	$45,372,741
Subtotals (A + B)	6	$54,504,136
C. For which a management decision has been made during the reporting period	0	$0
(i) dollar value of recommendations that were agreed to by management	0	$0
Based on proposed management action	0	$9,000,000
Based on proposed legislative action	0	$0
(ii) dollar value of recommendations that were not agreed to by management	0	$0
D. For which no management decision has been made by the end of the reporting period	5	$45,504,136
E. For which no management decision was made within 6 months of issuance	3	$131,395

Note: OIG Audit Report No. 18-AUD-06, Audit of NARA's Legacy Systems, dated March 29, 2018, identified $45,350,000 funds put to better use. This number included the $7 million in Operation and Maintenance (O&M) from OIG Advisory Report No. 12-08, NARA's Reliance on Legacy Systems to Meet Electronic Records Mission Needs, $26 million in O&M from FY 2013 to FY 2017, $12 million in development costs for Description and Authority Services (DAS), and $350,000 in upgrade costs. Therefore, the OIG removed the $9,000,000 previously shown in the last semiannual period.

REPORTING REQUIREMENTS

OTHER REQUIRED INFORMATION

REQUIREMENT	CATEGORY	SUMMARY
5(a)(5)	Information or assistance refused	None.
5(a)(10)	Prior audit reports with no management decision	Management has concurred or disagreed with all issued reports.
5(a)(11)	Significant revised management decisions	None.
5(a)(12)	Significant management decisions with which the OIG disagreed	None.
5(a)(20)	Detailed description of instances of whistleblower retaliation, including consequences for the offender	See page 18.
5(a)(21)(A)	Agency attempts to interfere with OIG independence with budget constraints designed to limit the OIG's capabilities	None.
5(a)(21)(B)	Agency attempts to interfere with OIG independence by resisting or objecting to oversight activities, or restricting or significantly delaying access to information	None rising to this level.

ANNEX ON COMPLETED CONTRACT AUDIT REPORTS

Section 845 of the 2008 Defense Authorization Act, Public Law 110-181, requires certain information on completed contract audit reports containing significant audit findings be included as an annex to this report. While the OIG conducted audit work involving the ERA and other contracts during this period, they were generally program audits as opposed to contract audits.

REPORTING REQUIREMENTS

SUMMARY OF REPORTS MORE THAN SIX MONTHS OLD PENDING CORRECTIVE ACTION

An important responsibility of the OIG is to follow-up on previous issued reports with outstanding recommendations. The OIG, in concert with the agency, has continued working to close recommendations in a timely manner. During this period, 23 audit recommendations were either closed or subsumed into other recommendations. The agency continues to make reducing open audit recommendations a priority. At the close of the period there were 47 audits with 312 total open recommendations more than six months old.

Report Number	Date Issued	Title	Number of Open Recommendations
08-02	11/14/2007	Audit of NARA's Purchase Card Program	1
08-07	4/24/2008	Audit of NARA's Researcher Registration Identification Card Program	1
09-15	9/29/2009	Audit of NARA's Work at Home System	1
10-04	4/2/2010	Audit of NARA's Oversight of Electronic Records Management in the Federal Government	3
11-02	11/8/2010	Network Vulnerability and Penetration Testing Oversight	8
11-14	7/7/2011	Audit of NARA's Foreign and Premium Travel	1
11-15	7/7/2011	Audit of NARA's Drug Testing Program	4
11-20	9/30/2011	Audit of NARA's Telework Program	3
12-05	3/27/2012	Audit of the Management of Records at the Washington National Records Center	2
12-09	5/10/2012	Audit of Data Center Consolidation Initiative at NARA	5
12-10	9/13/2012	Follow-up Review of OIG Audit Report 08-01: Audit of the Process of Safeguarding and Accounting for Presidential Library Artifacts	6
12-11	8/27/2012	Network Discovery and Assessment Oversight	8
12-15	7/23/2012	Audit of NARA's Classified Systems	4
13-01	12/10/2012	Audit of NARA's Internal Control Program	1
13-08	7/9/2013	Audit of NARA's Preservation Program (Textual)	11
13-10	7/9/2013	NARA Archival Facilities	5

REPORTING REQUIREMENTS

Report Number	Date Issued	Title	Number of Open Recommendations
13-11	9/19/2013	Audit of the Base ERA System's Ability to Ingest Records	2
13-14	9/18/2013	Audit of Processing of Textual Records	7
14-01	1/30/2014	Audit of the Management and Oversight of NARA's Energy Savings Performance Contracts	1
14-05	3/11/2014	Audit of NARA's Field Offices Acquisition Activity	2
14-08	4/17/2014	Audit of NARA's Capital Planning and Investment (CPIC) Process	7
14-09	5/1/2014	Audit of Conference-Related Activities and Expenses	3
14-10	5/9/2014	Audit of Enterprise Wireless Access	9
14-11	5/5/2014	Audit of Special Telework Arrangements at NARA	7
14-12	7/3/2014	Audit of Selected Aspects of NARA's Digitization Program	1
15-01	10/24/2014	NARA's Information Security Program	1
15-02	11/12/2014	Audit of NARA's Mobile Device Management	6
15-03	2/6/2015	Audit of Specially Protected Holdings	18
15-10	3/30/2015	Audit of NARA's Digitization Partnerships	3
15-11	5/5/2015	Audit of NARA's Digitization Storage and Transfer Capabilities	2
15-13	8/24/2015	Audit of NARA's Human Resources Systems and Data Accuracy	4
15-14	9/29/2015	Audit of NARA's Space Management	9
15-15	9/30/2015	Oversight Assessment of NARA's Cable Infrastructure	8
16-01	10/19/2015	Audit of NARA Web Hosting Environment	22
16-02	1/16/2016	Audit of NARA's Compliance with FISMA, As Amended	16
16-03	3/4/2016	Inadequate Information and Physical Security Controls at Select Federal Records Centers	2
16-05	3/25/2016	Audit of NARA's Publicly-Accessible Websites	16
16-07	5/17/2016	NARA's Refile Processes at Selected Federal Records Centers	14

REPORTING REQUIREMENTS

Report Number	Date Issued	Title	Number of Open Recommendations
17-AUD-01	10/28/2016	Enterprise-Wide Risk Assessment Audit of NARA's Internal Controls	9
17-AUD-02	11/4/2016	Audit of NARA's Information System Inventory	8
17-AUD-03	11/4/2016	Audit of NARA's Compliance with the Federal Managers Financial Integrity Act for FY15	10
17-AUD-04	11/18/2016	Audit of NARA's Management Control over Microsoft Access Applications and Databases	4
17-AUD-06	11/15/2016	Audit of NARA's Procurement Program	21
17-AUD-07	2/19/2017	Audit of NARA's Compliance with Homeland Security Presidential Directive 12	3
17-AUD-08	3/15/2017	Audit of NARA's Adoption and Management of Cloud Computing	10
17-AUD-12	6/19/2017	Audit of NARA's Online Access to Digitized Holdings	8
17-AUD-16	9/27/2017	Audit of NARA's FOIA Program	15