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EXECUTIVE SUMMARY

This is the sixteenth Semiannual Report to the Congress summarizing the activities and accomplishments of the National Archives and Records Administration (NARA) Office of Inspector General (OIG). The highlights of our major functions are summarized below:

- **Audits:** We issued our fiscal year 1997 audit plan, two draft reports for comment, and two management letters. The two draft reports consisted of (1) a review of NARA's management control program for fiscal year 1996, in which we made five recommendations for improvement; and (2) a review of NARA's facilities consolidation methodology, in which we made two recommendations. We also continued work on ongoing audit assignments.

- **Investigations:** In addition to managing the investigative caseload, we continued to work with NARA management to actively identify ways to reduce theft at NARA. Two security measures were recently implemented to reduce the opportunity to remove property from NARA facilities. We also began building an information database in order to develop trends.

- **Program Assistance:** We worked with NARA's financial services division on modifying agency policy to expand VISA IMPAC card usage. We also completed one Fraud Prevention Survey during this reporting period, and continued efforts to develop a Fraud Awareness Briefing Package to be presented to employees at agency headquarters and field elements over the next two years.

INTRODUCTION

ABOUT THE NATIONAL ARCHIVES AND RECORDS ADMINISTRATION

Mission

The National Archives and Records Administration (NARA) ensures, for the Citizen and the Public Servant, for the President and the Congress and the Courts, ready access to essential evidence.

Background

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

Federal records reflect and document America's development over more than 200 years and are great in number, diverse in character, and rich in information. These holdings include more than 4 billion pages of textual materials, over 112,000 reels of motion picture film, over 4 million maps, charts and architectural drawings, over 200,000 sound and videorecordings, over 9 million aerial photographs and nearly 7 million still pictures, and over 14,000 electronic files from over 100 agencies and bureaus.

In addition, NARA involves millions of people in its public programs, which include exhibitions, tours, educational programs, film series, and genealogical workshops. NARA publishes the *Federal Register* and other legal and reference documents that form 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 to preserve and publish non-Federal historical documents that also constitute an important part of our national heritage. NARA also administers nine Presidential Libraries and the Nixon and Bush Presidential Materials Staffs, which preserve the papers and other historical materials of all the past presidents since Hoover.

Resources

In fiscal year 1997, NARA was appropriated a total annual budget of approximately $218 Million and Full-Time Equivalents (FTE) of 1842. The $218 Million included appropriations for operations, repairs and restoration of facilities, grants, reimbursable services, a gift fund and a trust fund. NARA operations are spread throughout the United States, including the nine

Presidential Libraries mentioned above and ten regions.

INTRODUCTION

ABOUT THE OFFICE OF INSPECTOR GENERAL

The OIG Mission

The OIG's mission is to help NARA ensure ready access to essential evidence by providing high quality, objective audits and investigations, and serving as an independent internal advocate for economy, efficiency, and effectiveness.

Background

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

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

Resources

The fiscal year 1997 OIG budget is approximately $1 million for operations. The OIG has 13 FTE. In addition to the Inspector General and support staff, 7 of these FTE are devoted to audits, 3 to investigations. The OIG also has a part-time Counsel to the Inspector General on staff to provide internal legal guidance.

At the end of this semiannual reporting period, there were two vacancies in the OIG - one in audits and one in investigations. These positions, as well as other agency openings, will remain unfilled pending the resolution of critical agency personnel resource issues. The status of the OIG vacancies will be addressed in the next Semiannual Report.

OFFICE OF INSPECTOR GENERAL ACTIVITIES

Review of Proposed Legislation and Regulations

During this reporting period, we reviewed and provided comments to NARA management on a number of regulations, most significantly a regulation concerning information declassification procedures. During this reporting period, NARA proposed to OMB legislation on partnering with states, local governments, business organizations, and non-profit or charitable organizations.

Other Activities

- The annual PCIE conference was held at the NARA facilities in College Park, Maryland.
- We compiled fiscal year 1997 staffing and budget data for OIGs in Designated Federal Entities, and disseminated this information to all ECIE members.
- At the last ECIE meeting, the Inspector General (IG) gave a presentation on the use of Scientific Content Analysis (SCAN) techniques in criminal investigations, as well as the NARA OIG's experience with this technique.
- The IG and the Counsel to the IG, along with a senior investigator from the Department of Labor, co-authored an article for the *Journal of Public Inquiry* on "selling" cases to prosecutors.
- The IG and Assistant IG for Investigations attended the Directors of Investigations Conference in Glynco, Georgia. At this conference, the IG also met with the Director of the IG Academy about providing low-cost training in the D.C. area for OIG staff.
- As noted in our last semiannual report, we have developed a multimedia presentation designed to help educate federal employees about the role of the Inspector General. Originally created for use within NARA, we produced an upgraded, generic version of the presentation which we distributed to a number of Inspectors General at other agencies for comment. In May 1997, the final version will be made available to any IGs that wish to use it.
- In our last semiannual report, we also mentioned an Internet site that added commercial links after the report was printed. This office does not endorse any commercial product or service.
- OIG senior officials updated the OIG functional statement for incorporation in the revised NARA Organization and Delegation of Authority Manual.

AUDITS

Overview

We completed and issued our fiscal year 1997 Audit Plan. We also completed two reviews of agency operations, which resulted in two draft reports issued to management for comments, and two management letters. In addition, we continued work on ongoing assignments including a review of the agency's procurement operations, and a review of compliance with the standard contract clauses for the Drug-Free Workplace Act of 1988 and personnel suitability check requirements. Additional information on these two reviews will be available in the next Semiannual Report.

Fiscal Year 1997 Audit Plan

The OIG prepares annual audit plans for conducting audits and management evaluations of NARA's performance, making recommendations for performance improvements, and following up to ensure economical, efficient, and effective operations and compliance with laws, policies, and regulations. The fiscal year 1997 audit plan calls for finishing three audits begun in fiscal year 1996 and initiating nine audits during fiscal year 1997, although some planned audits may not be started if unplanned higher priority audits must be initiated. Also, some audits may be closed out with management briefings and/or letters when the findings are insufficient to warrant more formal reports and recommendations.

AUDITS

AUDIT SUMMARIES

Review of NARA's Management Control Program for Fiscal Year 1996

The Draft Report of the Review of NARA's Management Control Program for Fiscal Year 1996 described a material weakness in the Office of Presidential Libraries' Gift Unit which has been reported in the Archivist's fiscal year 1996 assurance statement to the President and the Congress.

We also reported that NARA offices did not always adequately report in their assurance statements to the Archivist significant program deficiencies or the implementation status of recommendations from completed evaluations.

Further, we reported that NARA offices did not maintain adequate evaluation files for tracking and documenting actions taken on recommendations from completed evaluations. We determined that the management control plan was evaluated and updated in a timely manner and, although all financial subsystem evaluations were performed, one was not done in accordance with the OMB Circular A-127 review schedule.

We made five recommendations for improvements in NARA's management control system.

During our review, we also identified issues that we determined were either outside the scope of our audit or specific to a single office. Because of NARA's January 1997 reorganization, we decided that the best course of action was to send management letters to the affected office heads in order to call these issues to their attention for their action. We issued two such management letters.

AUDITS

Review of NARA's Facilities Consolidation Methodology

Because NARA is making the first of what may be several consolidations of records centers as recommended in *The Strategic Plan of the National Archives and Records Administration, 1997-2007*, the OIG reviewed the methodology used to recommend where the New York Federal Records Center should be relocated. To evaluate NARA's options, two reports were prepared by NARA task forces analyzing some of NARA's choices.

Our Draft Report of the Review of NARA's Facilities Consolidation Methodology identified several nonmaterial weaknesses in documenting the source and validity of certain data elements used in the New York Federal Records Center studies. The objective of the audit was to ensure the methodology used to assess future consolidations, if any, includes all relocation costs and a complete universe of alternative sites. We made two recommendations for improving the documentation of estimated costs and the process for selecting alternative sites.

INVESTIGATIONS

Overview

We initiated 28 new cases this reporting period, and closed 62. At present, we have 41 active inquiries and/or investigations. We received 83 Hotline contacts -- 6 resulted in OIG investigations, and the remainder were referred to management officials or did not require action. We also amplified efforts to work with NARA management to actively identify ways to improve security.

Investigations

We began this reporting period with 48 open investigations, initiated an additional 28 investigations, and closed 62 cases. As with previous reporting periods, most of our investigations continue to involve theft.

We expanded our efforts to actively work with NARA management to reduce theft. Management recently implemented two security measures designed to increase control over the opportunity to remove property from the College Park facility; one involves securing a secondary exit between the hours of 4:00 p.m. and 6:00 a.m., the other involves general access control.

In addition, the investigative staff began building an information database in order to develop trends or patterns based upon time, location, nature of incident, and related information.

Hotline

The OIG Hotline provides a prompt, effective, and 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 at the Hotline P.O. Box, we also accept e-mail communications from either NARA's internal network, or over the Internet, through the Hotline E-Mail system.

Operational controls are designed to protect the identity of Hotline sources. OIG special agents promptly and carefully review calls, letters, and e-mail to the Hotline. We investigate allegations of suspected criminal activity or civil fraud, and conduct preliminary inquiries on noncriminal matters to determine the proper disposition. Where appropriate, referrals are made to the OIG Audit Staff or to management.

INVESTIGATIONS

The following table summarizes Hotline activity for this reporting period:

Cases Opened*	6
Cases Referred Outside of the OIG	6
No Action Necessary	71
Total Hotline Contacts	**83**

** Cases included in investigative workload statistics.*

INVESTIGATIONS

INVESTIGATIVE CASE SUMMARIES

Theft of Valuable Gifts

We received an allegation that a specific gift to the U.S. Government was missing and possibly stolen. Our investigation revealed that for an undetermined period, a trusted veteran employee took Government property to either pawn or possibly use as direct payment to a drug dealer for illegal drugs. We recovered $2,830 worth of property from local pawn dealers. We identified ten additional items, totaling more than $21,000, as missing, but we could not identify a point of disposal or a direct tie to the accused. In addition, the employee pawned other items that appear to have come from NARA holdings, but cannot be established as having been in NARA's inventory.

Because these thefts occurred, we performed a Crime Prevention Survey of the affected unit and made recommendations to management which, if fully implemented, would reduce opportunities for future thefts. We made recommendations in the areas of accountability requirements, personnel screening, the creation of photographic records of valuable or unique items, timely processing of property, and the establishment of a valid inventory.

INVESTIGATIONS

Theft of a $14,000 VCR

An employee reported a $14,000 commercial grade Betacam VCR missing. The item was kept in a room with a locking door, within an office suite with card-reader controlled door-lock access. However, more than eight months had elapsed between the reported loss and the last time the VCR could be accounted for. During that amount of time, many employees potentially had access to the equipment. In efforts to best focus investigative resources, we distributed a questionnaire among the group. We created the questionnaire in conformance with a technique used in all levels of the law enforcement field, the basic Scientific Content Analysis (SCAN) instrument.

The local union challenged our use of the SCAN questionnaire and filed an unfair labor practice (ULP) complaint with the Federal Labor Relations Authority (FLRA). The union took the position that the OIG's use of the questionnaire violated the contractual requirement of management to consult the union before any working condition change, did not inform employees of a right to union representation, and interfered with employees' right to privacy.

The FLRA did not accept the ULP complaint, stating that the use of the questionnaire did not constitute a change in working conditions and did not interfere with employee privacy. The FLRA also concluded that the agency's annual notice to employees concerning union representation in investigative matters satisfied the requirement to inform employees of a right to union representation.

The theft remains unsolved. However, NARA managers reviewed and revised property control and inventory procedures to reduce future loss potential.

INVESTIGATIONS

Misuse of Funds

We received an allegation that a gift shop at a NARA field location had an unauthorized petty cash fund. Our investigation revealed that the Gift Shop personnel used daily cash register sales overages to maintain a miscellaneous fund to cover shortages and buy meals for employees. We determined that the fund was created more than twenty years ago, had become standard practice, and was not used for personal gain. We recommended that Gift Shop management discontinue this practice, deposit the money, and resolve the matter administratively. The practice was discontinued.

Theft of Audiovisual Equipment

Various items of audio/visual equipment valued at $1,450 were taken from a research room. Our investigation revealed several crime conducive conditions that contributed to the equipment being stolen. We recommended to management that they reduce the number of employees who have access to the research room from approximately 1,200 to 20, and establish additional security procedures, such as the use of video monitoring.

In a second incident involving the same research room, a video player/recorder valued at $750 was taken. We found that the conditions contributing to the prior theft had continued, and helped lead to the second theft. We reissued our previous recommendations and also recommended that security control all equipment entering and exiting the research rooms.

INVESTIGATIONS

Requirement 5(a)(4)

Summary of Prosecutorial Referrals

False Statement/Fraud	This case involved the long-term alteration of time and attendance records by two employees after supervisory review and approval. The two employees' misconduct resulted in approximately $4,500 worth of monetary loss. The Assistant United States Attorney (AUSA) declined criminal prosecution in favor of administrative action. One employee resigned pending dismissal, and NARA management dismissed the second employee.
Theft	NARA cash receipts totaling $190 were missing and apparently stolen. Due to the small dollar value, the AUSA declined prosecution. The situation involved one employee who had cash handling responsibility accusing another employee of the theft. The second employee denied taking the money. NARA managers held the first employee, who was assigned the responsibility, accountable for the loss because the employee had not followed prescribed procedures.
Theft & Abuse of Authority	A senior NARA official misused subordinate personnel, equipment and supplies for the accomplishment of personal tasks. The dollar loss to the Government in employee time was placed between $300 and $500. The Department of Justice declined prosecution in favor of administrative resolution. NARA management subsequently counseled the official regarding his improper use of government resources and his inappropriate conduct.

INVESTIGATIONS

STATISTICAL SUMMARY OF INVESTIGATIONS	
Investigative Workload:	
Cases Pending	48
Allegations received this reporting period	51
Cases opened this reporting period	28
Cases closed this reporting period	62
Cases carried forward this reporting period	14
Categories of Investigations:	
Fraud	9
Conflict of Interest	3
Contracting Irregularities	5
Misconduct	10
Larceny (Theft)	16
Torts	0
Others	33
Investigative Results:	
Cases pending prosecutive action	0
Cases referred for prosecutive action	3
Cases where prosecutive action was declined	3
Indictments/Warrants	0
Convictions	0
Administrative Remedies:	
Employee(s) terminated	1
Employee(s) resigned in lieu of termination	1
Employee(s) suspended	0
Employee(s) given letters of reprimand/warnings	0
Employee(s) Counseled	2
Value of Funds or Property Recovered:	$4,152

PROGRAM ASSISTANCE

Assistance on Agency Credit Card Program

The audit staff provided program assistance to NARA's financial services division on modifying agency policy to expand VISA IMPAC card usage. The subsequent modification to agency policy resulted in an increase in allowable VISA card purchases and further reduced the need for agency imprest funds.

Fraud Prevention Survey Program

Previously termed the "Crime Prevention Survey" program, we changed the name of the program in response to feedback from customers that, because of the word "crime" in the program title, they perceived the program to be negatively focused. Managed by the Investigative Group in addition to their regular investigative activities, the Fraud Prevention Survey (FPS) program is a proactive approach to reducing fraud/crime within or targeted at NARA and its employees, and for which the Audit Group provides staff assistance.

We completed one Fraud Prevention Survey this period. We found controls against fraud at the Dayton Federal Records Center to be highly efficient and effective. Management at the Records Center expressed a willingness and desire to take immediate corrective action for some minor areas of susceptibility we noted.

PROGRAM ASSISTANCE

Fraud Awareness Program

The Investigative Group also continued efforts to develop a Fraud Awareness Briefing (FAB) package to be presented to employees at agency headquarters and field elements over the next two years.

The briefings are being designed to increase awareness of fraud indicators. While OIG personnel are limited in the ability to provide direct and frequent in-person contact with NARA's numerous regional facilities, properly instructed, on-site personnel are continuously present to identify and correct deficiencies before they become problems - if they know what to look for. The FAB program is intended to provide NARA staff with insight into "red flags" and the susceptibility to abuse. This type of program has proved successful at other agencies, both in identifying and preventing fraud.

REPORTING REQUIREMENTS

MANDATED BY

THE INSPECTOR GENERAL ACT OF 1978, AS AMENDED

REQUIREMENT	SUBJECT	PAGES
Section 4(a)(2)	Review of legislation and regulations	4
Section 5(a)(1)	Significant problems, abuses and deficiencies	5-14
Section 5(a)(2)	Significant recommendations for corrective action	5-7
Section 5(a)(3)	Prior significant recommendations unimplemented	20
Section 5(a)(4)	Summary of prosecutorial referrals	13
Section 5(a)(5)	Information or assistance refused	20
Section 5(a)(6)	List of reports issued	20
Section 5(a)(7)	Summaries of significant reports	5-7
Section 5(a)(8)	Audit Reports - Questioned costs	18
Section 5(a)(9)	Audit Reports - Funds put to better use	19
Section 5(a)(10)	Prior audit reports unresolved	20
Section 5(a)(11)	Significant revised management decisions	20
Section 5(a)(12)	Significant management decisions with which the OIG disagreed	20

REPORTING REQUIREMENTS

Requirement 5(a)(8)

Audit Reports
with questioned costs

Category	Number of Reports	DOLLAR VALUE (in thousands)	
		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. Reports for which no management decision was made within six months	0	0	0

REPORTING REQUIREMENTS

Requirement 5(a)(9)

AUDIT REPORTS

WITH RECOMMENDATIONS THAT FUNDS BE PUT TO BETTER USE

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

REPORTING REQUIREMENTS

REQUIREMENT	CATEGORY	SUMMARY
5(a)(3)	Prior significant recommendations unimplemented	None
5(a)(5)	Information or assistance refused	None
5(a)(6)	List of reports issued	None
5(a)(10)	Prior audit reports unresolved	None
5(a)(11)	Significant revised management decisions	None
5(a)(12)	Significant revised management decisions with which the OIG disagreed	None