September 8, 2025

TO:

Jay Trainer

**Chief Operating Officer** 

FROM:

William Brown

**Acting Inspector General** 

SUBJECT:

Audit of NARA's Compliance with Office of Management and Budget (OMB)

William

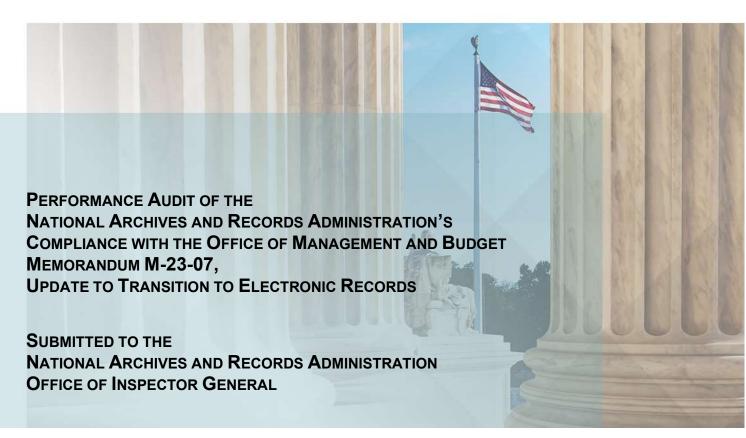
Memorandum M-23-07 OIG Audit Report No. 25-AUD-04

The Office of Inspector General (OIG) contracted with Sikich CPA LLC (Sikich) to conduct an independent performance audit of NARA's Compliance with Office of Management and Budget (OMB) Memorandum M-23-07. The objective of this audit was to determine NARA's compliance with OMB Memorandum M-23-07 requirements, including the timely issuance of updated guidance and regulations and NARA's process for granting exceptions to the memorandum requirements. The audit also examined NARA's preparedness to accept electronic records. The report contains two recommendations to strengthen NARA's management of electronic records and compliance with OMB Memorandum M-23-07. Agency staff indicated they had no comments for inclusion in this report.

Sikich is responsible for the attached auditor's report dated September 8, 2025 and the conclusions expressed in the report. The findings and conclusions presented in the report are the responsibility of Sikich. The OIG's responsibility is to provide adequate oversight of the contractor's work in accordance with Generally Accepted Government Audit Standards.

Please provide planned corrective actions and expected dates to complete the actions for each of the recommendations within 30 days of the date of this report. As with all OIG products, we determine what information is publicly posted on our website from the published report. Consistent with our responsibility under the Inspector General Act of 1978, as amended, we may provide copies of our report to congressional committees with oversight responsibility for NARA. We appreciate the cooperation and assistance NARA extended to us during this audit. Please contact me with any questions.





PERFORMANCE AUDIT REPORT

**SEPTEMBER 8, 2025** 





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#### SIKICH.COM

September 8, 2025

William Brown
Acting Inspector General
Office of Inspector General
National Archives and Records Administration

Dear Mr. Brown,

Sikich CPA LLC (Sikich) is pleased to submit the attached report detailing the results of our performance audit of the National Archives and Records Administration's (NARA's) Compliance with Office of Management and Budget (OMB) Memorandum M-23-07, *Update to Transition to Electronic Records*, conducted under contract number 88310323A-00012, order number 88310324F00259.

The objective of this audit was to determine NARA's compliance with OMB Memorandum M-23-07 requirements, including the timely issuance of updated guidance and regulations and NARA's process for granting exceptions to the memorandum requirements. The audit also examined NARA's preparedness to accept electronic records.

We conducted the audit fieldwork in Alexandria, VA from October 2024 through July 2025. We conducted this performance audit in accordance with *Generally Accepted Government Auditing Standards*, as issued by the Comptroller General of the United States (2018 Revision, Technical Update April 2021). Those standards require that we plan and perform the audit to obtain sufficient, appropriate evidence to provide a reasonable basis for our findings and conclusions based on our audit objectives. We believe that the evidence obtained provides a reasonable basis for our findings and conclusions based on our audit objectives. We describe our objective, scope, and methodology further in **Appendix A: Objective, Scope, and Methodology**.

We would like to thank all the NARA personnel we met with or who provided artifacts for their cooperation and assistance.

Sincerely,

Sikich CPA LLC



#### **EXECUTIVE SUMMARY**

The National Archives and Records Administration (NARA) Office of Inspector General (OIG) engaged Sikich CPA LLC (Sikich) to conduct a performance audit to assess NARA's efforts to comply with the Office of Management and Budget (OMB) Memorandum M-23-07, *Update to Transition to Electronic Records*, requirements.

#### PERFORMANCE AUDIT OF NARA S COMPLIANCE WITH OMB M 23 07

#### Why Did We Conduct this Audit?

On June 28, 2019, OMB and NARA jointly issued Memorandum M-19-21, *Transition to Electronic Records*, which established requirements to move federal agencies to a fully electronic environment, where appropriate. Federal agencies may have been delayed in their electronic records transition process during the Coronavirus (COVID-19) pandemic. As a result, Memorandum M-23-07, *Update to Transition to Electronic Records*, was issued to reinforce the requirements set forth in M-19-21, reaffirm the goal of transitioning to electronic records, and update previous target dates.

The audit's objective was to determine NARA's compliance with OMB Memorandum M-23-07 requirements, including the timely issuance of updated guidance and regulations and NARA's process for granting exceptions to the memorandum requirements. The audit also examined NARA's preparedness to accept electronic records.

To address this objective, we reviewed relevant policies, procedures, guidance, and other internal control documentation related to NARA's compliance with OMB Memorandum M-23-07. We also examined NARA's records accessioning progress, evaluated NARA's preparedness to accept electronic records, and tested a sample of exception requests in support of compliance with OMB M-23-07.

#### What Did We Recommend?

This report makes two recommendations that are intended to strengthen NARA's management of electronic records and compliance with OMB Memorandum M-23-07.

## What Did We Find?

Overall, we found that NARA has generally complied with the requirements of OMB Memorandum M-23-07 as related to the issuance of guidance and regulations and the process for managing exceptions to electronic records transfer deadlines. Specifically, for a sample of exceptions requests, we found that exception requests were appropriately documented and approved based on the policy in place at the time of submission to NARA.

However, NARA needs to improve its preparedness to accept electronic records within the Electronic Records Archives (ERA) 2.0 system. NARA does not presently have the technical capability to ingest large data sets of electronic records, including those that have already been accessioned. Without sufficient ERA 2.0 infrastructure, scalable upload processing capabilities, and the ability to handle large file sizes, NARA's capacity to respond to records requests effectively and efficiently is significantly reduced.



## **SUMMARY OF RECOMMENDATIONS**

Number	Recommendation	Responsible Office
1	Perform and document an analysis to determine how to increase the scalability of Electronic Records Archives (ERA) 2.0, given current electronic records needs and requirements.	Chief Operating Officer
2	Develop and implement a tracking mechanism with milestones and identify anticipated resources needed to address the constraints associated with scaling ERA 2.0.	Chief Operating Officer

#### I. BACKGROUND

NARA is an independent agency of the United States government responsible for preserving, protecting and providing access to the records of the federal government. As a result, NARA plays a critical role in federal records management policy, issuing regulations and guidance to help agencies comply with statutory requirements.

On June 28, 2019, the OMB and NARA jointly issued Memorandum 19-21 (M-19-21), *Transition to Electronic Records*, requiring federal agencies to ensure that all Federal records are created, retained, and managed in electronic formats, with appropriate metadata. Federal agencies may have been delayed in their electronic records transition process during the Coronavirus (COVID-19) pandemic. As a result, OMB and NARA jointly issued Memorandum 23-07, *Update to Transition to Electronic Records* (December 23, 2022). This memorandum reinforces the requirements set forth in M-19-21, reaffirms the underlying goal of transitioning to electronic records, and updates the previous target dates described in M-19-21. The memorandum also describes NARA's plans to issue updated guidance, as appropriate.

OMB Memorandum M-23-07 identifies the following key requirements:

- 1. By June 30, 2024, federal agencies must manage all permanent records in an electronic format for the eventual transfer and accessioning by NARA.<sup>3</sup>
- 2. After June 30, 2024, federal agencies must transfer all permanent records to NARA in electronic format and with appropriate metadata in accordance with NARA regulations and transfer guidance.
- 3. By June 30, 2024, federal agencies must manage all temporary records in an electronic format or store them in commercial records storage facilities.
- 4. After June 30, 2024, NARA will no longer accept transfers of permanent or temporary records in analog formats and will accept records only in an electronic format with appropriate metadata.
- 5. NARA will issue records management regulations and guidance to support federal agencies' transition to fully electronic recordkeeping.
- 6. NARA will establish Electronic Records Management (ERM) standards and requirements for federal agencies procuring ERM solutions and services.

<sup>&</sup>lt;sup>1</sup> OMB Memorandum M-19-21, Transition to Electronic Records

<sup>&</sup>lt;sup>2</sup> OMB Memorandum M-23-07, Update to Transition to Electronic Records

<sup>&</sup>lt;sup>3</sup> Accessioning is the process of transferring physical and legal custody of permanent records from federal agencies to NARA. Federal agencies are required to accession their permanent records into the National Archives.



In addition, OMB Memorandum M-23-07 states that limited exceptions may be granted by NARA to agencies in specific circumstances for permanent records related to their electronic transfer and application of metadata, including:

- Where replacing specific analog records with electronic systems would be burdensome to the public.
- The cost would exceed the benefit.
- Statutory or regulatory barriers impede implementation.
- There is exceptional intrinsic value in the original format.

Since 2008, NARA has used the ERA program systems to manage the intake and storage of electronic records from across the federal government. As of 2012, all federal agencies were required to use ERA to submit records schedules to NARA for approval. ERA is also used to manage the transfer of all permanent records, in all formats and media, transferred to NARA through the Annual Move<sup>4</sup> or by direct offer.<sup>5</sup> In Fiscal Year (FY) 2023, the system was modernized, transitioning to the ERA 2.0 system. ERA 2.0 is a web-based cloud-enabled system that manages the uploading, ingestion, storage, searching, and retrieval of digital content. The system is comprised of 3 major components: a processing environment, a digital repository, and forms and workflows to support records scheduling and the transfer of permanent Federal records to NARA. As of March 2025, ERA 2.0 had ingested and stored over 168 terabytes of electronic records.

## II. AUDIT RESULTS

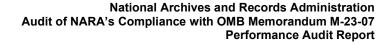
We found that NARA has generally complied with the requirements of OMB Memorandum M-23-07 as related to the issuance of guidance and regulations and the process for managing exceptions to electronic records transfer deadlines, as discussed below.

NARA issued multiple guidance and regulations to help Federal agencies in submitting exception requests. For example, NARA Bulletin 2020-01, *Guidance on OMB/NARA Memorandum Transition to Electronic Records (M-19-21)*, dated September 30, 2020, identified the criteria for exceptions, expounded on certain areas of the language used in the memorandum, and how Federal agencies should develop their exception requests. In October 2024, NARA developed a new policy governing the exception request process, titled *Exception Requests Standard Operating Procedures*. This policy revised the exception process by introducing new guidance on preparing an exception request response letter, delineating the required approvals in sequence, and updating the necessary approvals. In addition, the updated policy provides more detailed guidance on internal and external review processes and more identifiable outcomes (i.e., approval, denial, or request for further information) with defined processes for each outcome.

For a sample of approved exception requests, Sikich inspected documentation to determine whether the exception requests were received, reviewed, and resolved in accordance with OMB Memorandum M-23-07 and NARA policies and procedures. As part of this audit, Sikich inspected the documentation for each sampled exception request and found that all exception

<sup>&</sup>lt;sup>4</sup> The Annual Move is NARA's process for transferring legal and physical custody of permanent records from agencies stored at the Federal Records Centers (FRCs) to NARA archival custodial units across the nation.

<sup>&</sup>lt;sup>5</sup> A direct offer is a transfer of permanent records from an agency's facilities to NARA.





requests were appropriately documented and approved based on the policy in place at the time of submission to NARA.

We also found that NARA has established processes to determine whether agencies have submitted analog records to NARA since July 1, 2024, to ensure electronic records are provided in an acceptable format with the appropriate metadata and that any analog records submitted after the July 1, 2024 deadline, were appropriately approved.

However, we determined that NARA needs to improve its ability to ingest large data sets of electronic records for federal agency submissions. Below, we provide detailed information regarding this finding.

# Finding 1: NARA's ERA 2.0 system is not prepared to ingest the current quantity of electronic record submissions.

NARA's ERA 2.0 system does not presently have the technical capability to ingest the large data sets of electronic records, including those that have already been accessioned, with approximately 71 terabytes of accessioned unclassified records stored outside ERA 2.0 due to file size limitations.

For records that have already been accessioned, NARA has indicated that their progress to ingest records into ERA 2.0 has been slowed due to constraints in the system's capabilities to upload and process records in a scalable manner.

According to NARA's FY 2025 Annual Performance Plan and FY 2023 Annual Performance Report, NARA has identified modernization goals, including expanding functionality to users within and external to NARA, developing tools to provide a second instance of ERA 2.0, and establishing continuous backups. NARA management also identified several planned and current actions related to ERA 2.0 modernization efforts, including Secure File Transfer Protocol mechanism enhancements, integrating software for managing electronic records outside the local environment, and improvements to the system's scalability.

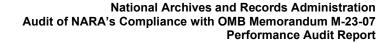
Title 44 United States Code (U.S.C.) § 2108, Responsibility for custody, use, and withdrawal of records, states:

(a) The Archivist shall be responsible for the custody, use, and withdrawal of records transferred to him.

Title 44 U.S.C. § 2109, Preservation, arrangement, duplication, exhibition of records, states:

The Archivist shall provide for the preservation, arrangement, repair and rehabilitation, duplication and reproduction (including microcopy publications), description, and exhibition of records or other documentary material transferred to him as may be needful or appropriate, including the preparation and publication of inventories, indexes, catalogs, and other finding aids or guides to facilitate their use.

Without sufficient ERA 2.0 infrastructure, scalable upload processing capabilities, and the ability to handle large file sizes, NARA's capacity to respond to records requests effectively and efficiently is significantly reduced.





We recommend NARA's Chief Operating Officer:

**Recommendation 1:** Perform and document an analysis to determine how to increase the scalability of ERA 2.0, given current electronic records needs and requirements.

**Recommendation 2:** Develop and implement a tracking mechanism with milestones and identify anticipated resources needed to address the constraints associated with scaling ERA 2.0.



## APPENDIX A - OBJECTIVE, SCOPE, AND METHODOLOGY

## **Objective**

The objective of this audit was to determine NARA's compliance with OMB Memorandum M-23-07 requirements, including the timely issuance of updated guidance and regulations and NARA's process for granting exceptions to the memorandum requirements. The audit also examined NARA's preparedness to accept electronic records.

## Scope

The scope of the audit covered the following:

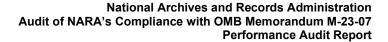
- Electronic records generated by agencies and transmitted to NARA, subject to the requirements documented in OMB Memorandum M-23-07.
- NARA policies, procedures, and processes developed in support of compliance with OMB Memorandum M-23-07.
- NARA regulations, bulletins, and guidance issued to federal agencies, as related to electronic records, storage, formats, and metadata, as well as transfer guidance.
- NARA's process for receiving and approving exception requests, related to OMB Memorandum M-23-07.

## Methodology

We conducted this performance audit in accordance with *Generally Accepted Government Auditing Standards* (2018 Revision, Technical Update April 2021). Those standards require that we plan and perform the audit to obtain sufficient, appropriate evidence to provide a reasonable basis for our findings and conclusions based on our audit objectives. We believe that the evidence obtained provides a reasonable basis for our findings and conclusions based on our audit objectives. We conducted the audit fieldwork in Alexandria, Virginia from October 2024 through July 2025.

To accomplish our audit objectives, we completed the following procedures:

- Performed inquiries of NARA officials to obtain an understanding of the accessioning process, NARA's preparedness to accept electronic records, and NARA's exception process.
- Inspected applicable federal regulations, standards, and NARA policies and procedures related to OMB Memorandum M-23-07 requirements, including but not limited to:
  - OMB Memorandum M-23-07, *Update to Transition to Electronic Records* (December 23, 2022).
  - OMB Memorandum M-19-21, *Transition to Electronic Records* (June 28, 2019).
  - NARA Bulletin 2014-04, Format Guidance for the Transfer of Permanent Electronic Records (January 31, 2014).
  - o NARA Bulletin 2020-01, *Guidance on OMB/NARA Memorandum Transition to Electronic Records* (M-19-21) (September 30, 2020).
  - NARA Bulletin 2024-01, Limited Exception for Sending Official Personnel Folders and Employee Medical Folders to the National Personnel Records Center (September 10, 2024).





- NARA Action Memo 17.2024, Transfer Requests, Direct Offers, and the M-23-07 deadline (February 16, 2024).
- o NARA Accessioning Guidance and Policy (November 27, 2023).
- Title 36 Code of Federal Regulations (CFR) § 1235.48, What documentation must agencies transfer with electronic records? (Oct. 2, 2009 and amended Mar. 30, 2018).
- Title 36 CFR § 1225.22, When must agencies reschedule or review their records schedules? (Oct. 2, 2009) and amended May 4, 2023.
- Title 44 U.S.C. Chapter 21, National Archives and Records Administration and Chapter 29, Records Management by the Archivist of the United States and by the Administrator of General Services.
- For a sample of 23 of 34 approved exception requests, approved between February 2023 through November 2024, inspected documentation to determine whether the exception requests were received, reviewed, and resolved in accordance with OMB Memorandum M-23-07 and NARA policies and procedures.
- Examined reports and dashboards tracking the status of electronic record accessioning to determine NARA's current progress.
- Examined controls over the ERA 2.0 system's ability to accept electronic records.





## APPENDIX B - MANAGEMENT RESPONSE

Agency management stated their general agreement with the findings and recommendations and opted not to provide formal comments for inclusion in this report.



# APPENDIX C - ACRONYMS

Acronym	Definition
CFR	Code of Federal Regulations
ERA	Electronic Records Archives
ERM	Electronic Records Management
FY	Fiscal Year
NARA	National Archives and Records Administration
OIG	Office of Inspector General
OMB	Office of Management and Budget
U.S.C	United States Code



#### APPENDIX D - OIG HOTLINE CONTACT INFORMATION

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, we also accept emails through an online referral form.

Visit <a href="https://naraoig.oversight.gov/">https://naraoig.oversight.gov/</a> for more information, or contact us:

#### **Contact the OIG Hotline**

Online Complaint Form | Office of Inspector General OIG

#### Contact the OIG by telephone and FAX

Home Telephone: 301-837-3500 (Local) or 1-800-786-2551 (toll-free)

FAX: 301-837-3197

# **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 OIG Contractor Reporting Form | Office of Inspector General OIG