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REPORT BY THE U.S.

General Accounting Office

Improvements Are Needed In The Management Of The National Archives Preservation And Trust Fund Activities

The National Archives and Records Service has made little headway in preserving its 3 billion textual records because of the high costs of repair. Microfilming these records may be a viable alternative. Funds for preserving archival records have not been used effectively and must be deobligated. In addition, Archives facilities do not meet its environmental standards for storing historical records.

Legislation governing the National Archives Trust Fund is broad, and Archives has applied the broadest interpretations. As a result, business-type activities are included in the trust fund. The cost accounting system for the trust fund is not adequate for the types of activities performed. Further, Archives has improperly used the Trust Fund Board's direct-hire authority and interchanged employees ~~between trust fund and appropriated activities~~ without the required approval of the Office of Personnel Management.

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GAO

United States General Accounting Office
Washington, DC 20548

Logistics and
Communications
Division

B-146743

The Honorable R. G. Freeman III *AGC00017*
Administrator of General Services

Dear Mr. Freeman:

AGC00186

We reviewed the adequacy of the physical storage and preservation of documents and audiovisual materials at the National Archives and Records Service (NARS). We also reviewed certain aspects of NARS Trust Fund operations. These studies were requested by the Chairman, Subcommittee on Government Information and Individual Rights, House Committee on Government Operations.

We presented our findings to the Subcommittee at hearings held on June 25 and July 30, 1979. Appendix I of this letter, with some minor additions and deletions, is the information contained in our June 25, 1979, testimony. The following sections summarize our conclusions and recommendations resulting from the above described reviews. *As 601504*

PRESERVATION

- NARS has made little headway in repairing its 3 billion textual records because of the high costs to deacidify and repair paper--25 cents to deacidify and 50 cents to laminate one sheet of paper. We believe that a reasonable and more economical alternative to repairing textual records is microfilming them and disposing of the originals (once NARS has made judgments on the intrinsic value of original documents).
- Archival records in the regional branches are subject to infestation because they are not fumigated as required by NARS regulations. NARS does not believe it is practical to fumigate these records because they are stored adjacent to records that may already be infested. In view of this, we believe that the current regulation should be revised and that NARS should develop alternative procedures to minimize the possibility of infestation.



- Data on the preservation of archival records which is included in General Services Administration's (GSA's) budget submission to the Congress is unclear. More descriptive information should be included, such as the number of pages repaired, feet of motion picture film duplicated, and the cost for the preserved items.
- NARS improperly carried over to fiscal year 1979 more than \$1 million of prior years' funds. This resulted from NARS misinterpreting legislation on annual appropriations. We believe these funds should be deobligated and returned to the General Fund of the Treasury.
- Archival records have been stored under conditions which may accelerate their deterioration. There is a need to upgrade storage facilities in Washington and in the regional archives branches so that proper temperature and humidity controls can be maintained.
- The Public Buildings Service (PBS) leased space on a sole-source basis that did not meet storage and safety requirements for an archives facility. This resulted from GSA limiting the location of the facility to a specific desired area where only one vacant building (Lansburgh's) met the established space needs. We believe that GSA should have selected a different area when it became known that the building in the chosen area was not up to standards.
- NARS has no systematic method for determining whether records have been lost or stolen. We believe that selective inventories--particularly for items judged to have intrinsic value--should be employed.

We recommend that you direct the Archivist of the United States to:

- Develop a plan (including estimates of the funds needed to implement it) for microfilming textual records and disposing of records having no intrinsic value.
- Periodically report to you on the implementation of the microfilming plan.

- Include more descriptive information on preservation activities in budget submissions to the Congress, such as the number of pages repaired, feet of film duplicated, and the costs for these items.
- Amend the regulation requiring fumigation of records in the regional branches and develop alternative procedures that would minimize the potential for infestation.
- Deobligate funds improperly carried over to fiscal year 1979 and return these funds to the General Fund of the Treasury.
- Periodically take selective inventories of archival records, particularly of those having intrinsic value.

We also recommend that you direct GSA's Inspector General to determine the extent that funds were improperly carried over for each of the 5 years prior to fiscal year 1979 and report any violations of the Anti-Deficiency Act (31 U.S.C. 665) that might result from adjusting the accounts involved.

Further, we recommend that you direct the Commissioner, Public Buildings Service, to

- evaluate environmental conditions at all NARS archival storage locations,
- ensure that there are plans to bring all NARS archival storage facilities up to acceptable conditions,
- monitor the actions to upgrade NARS archival storage facilities, and
- report to you on any undue delays.

TRUST FUND

The NARS Trust Fund was created in 1941 to handle gifts and other bequests for the general benefit of the National Archives. In 1948 the Archivist was authorized to charge fees for furnishing reproductions of archival records and materials and to deposit the proceeds into the trust fund. In operating the trusts, NARS uses two separate funds; one for gifts and the other to handle revenue-producing activities. The fund handling the revenue activities basically functions as a revolving fund. The emphasis of our review

was on the fund for revenue-producing activities. The following are the major problems we noted with the trust fund, some of which are discussed in detail in appendix I. Those problems cited below, but not appearing in appendix I, were discussed with NARS officials and also covered during the July 30, 1979, hearings.

- Statutes governing the operations of the trust fund are broad. As a result, NARS has interpreted them to permit a diversity of business-type activities. In our opinion, the Congress has not been adequately informed of the diversity of activities NARS has carried out through the trust fund.
- The Trust Fund Board has improperly used its direct-hire authority to hire permanent employees, although this authority was only intended for temporary employees.
- The intermixing of trust fund and regular appropriation activities has resulted in appropriated money subsidizing the trust fund operations.
- The pricing of items is inconsistent with sales authority which requires that prices be set on the basis of cost, plus not more than 10 percent.
- There have been unauthorized charges to Federal agencies for materials and services furnished for official use.
- NARS has not recognized the trust fund as a trust-revolving fund. Therefore, NARS has not followed required business-like practices for accounting, budgeting, and reporting.
- The trust fund accounts are not maintained on an accrual basis as required by the GAO Policy and Procedures Manual for Guidance of Federal Agencies. For example, some trust fund activities record income and expenses on an accrual basis, others do not. Some sales are reported on a cash basis and not all receivables are recorded.
- The trust fund's accounting system does not produce adequate cost data to comply with GAO requirements. It is not sufficiently detailed to provide accurate

cost data for pricing, management information, or control. For example, all direct labor costs for trust fund activities are not recorded. Trust fund labor costs that are recorded are not recorded by project.

--The financial statements of the trust fund do not match the revenues for any given trust fund activity with the costs which have been incurred in producing those revenues. In addition, the financial statements are not informative since they contain no explanatory notes for such items as inventory valuation method, investment values, major product lines, or deferred credits and charges.

During the hearings before the Subcommittee on Government Information and Individual Rights, we said we could not support the continuation of the trust-revolving fund for the reasons discussed on page 15. At the request of the Subcommittee Chairman, we have drafted legislative language which could be used to set more stringent standards for the trust fund activities and the way they are operated. However, pending any legislative action on the trust fund, we recommend that you review the policies and practices related to charges made to Federal agencies for materials furnished for official use (see p. 14), and take corrective actions where necessary.

In a separate letter, we are recommending that the Chairman of the National Archives Trust Fund Board (1) review the policies and practices related to the direct-hire authority and use of trust fund employees and take corrective actions where necessary and (2) redesign the accounting system for the trust fund to conform to GAO requirements for a trust-revolving fund, and submit the redesign to GAO for approval.

We discussed our findings with NARS officials prior to the June 25, 1979, hearings, and to the extent warranted, incorporated their views. Also, in a May 4, 1979, letter we requested GSA's written comments on questionable obligations incurred by NARS. The comments we received from NARS on October 18, 1979, are discussed on page 5 of appendix I.

The Acting Archivist of the United States and GSA's Inspector General commented on our findings at hearings before the Subcommittee on Government Information and Individual Rights on September 20, 1979. The Inspector General

generally agreed with our findings. However, NARS, while not in total agreement, has developed plans to deal with the majority of shortcomings we cite in this report.

NARS officials believe that the amount of textual records needing lamination is not as extensive as we contend. They also believe that microfilming may not be cost-effective for the preservation of much of the archival records. However, they feel that microfilming is a good preservation technique under certain conditions, and they plan to accelerate their microfilming program.

NARS officials believe that the trust fund has been a very valuable entity in undertaking and accomplishing many meaningful programs of the National Archives. They do not believe that the trust fund deficiencies discussed in appendix I are sufficiently severe to warrant major and drastic actions to limit or discontinue the trust fund's operation.

NARS officials do, however, recognize some problems with the trust fund's current operation. According to these officials, measures are being taken to correct some of the deficiencies discussed in appendix I. For example, they are working to correct deficiencies in the trust fund accounting system and related financial reports to bring them in line with our suggestions. They said that efforts were underway to review all trust fund positions to ensure that employees have the proper type of appointment. Also, a manual outlining criteria for direct hiring is under development and a reporting and reimbursement system is planned for those NARS units with employees whose duties are split between trust fund and appropriated functions.

* * * * *

As you know, section 236 of the Legislative Reorganization Act of 1970 requires the head of a Federal agency to submit a written statement on actions taken on our recommendations to the House Committee on Government Operations and Senate Committee on Governmental Affairs not later than 60 days after the date of the report and to the House and Senate Committees on Appropriations with the agency's first request for appropriations made more than 60 days after the date of the report. We would appreciate receiving copies of these statements.

We are sending copies of this report to the Chairman of the House Committee on Government Operations, the Chairman of

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the Senate Committee on Governmental Affairs, and the Chairman of the Subcommittee on Government Information and Individual Rights, House Committee on Government Operations. We are also sending copies to the Director, Office of Management and Budget; the Chairman and members of the National Archives Trust Fund Board; and to your Office of Audits.

We appreciate the courtesies extended to our representatives during our reviews. We shall appreciate receiving your comments on any actions you take or plan to take on the matters discussed in the report.

Sincerely yours,

A handwritten signature in cursive script, appearing to read "R. W. Gutmann".

R. W. Gutmann
Director

IMPROVEMENTS ARE NEEDED IN
THE MANAGEMENT OF THE
NATIONAL ARCHIVES PRESERVATION
AND TRUST FUND ACTIVITIES

At the request of the Chairman, Subcommittee on Government Information and Individual Rights, House Committee on Government Operations, we conducted studies on (1) the adequacy of the preservation and physical storage of documents and audiovisual materials at NARS and (2) NARS Trust Fund operations. The following is a summary of our findings and conclusions.

PRESERVATION AND STORAGE

Since its establishment in 1934, NARS has accessioned over 1.3 million cubic feet of archival records. As of September 30, 1978, archival holdings included about 3 billion textual items, about 4.8 million still pictures, 104,000 motion picture films, 107,000 sound records, 1,700 video recordings, 750 machine readable items, 1.5 million maps and charts, 122,000 architectural and engineering plans, 9.7 million aerial photos, and over 1,300 artifacts. These records have been determined by the Archivist of the United States to have sufficient historical or other value to warrant their continued preservation. They are stored at the National Archives Building and two other sites in the Washington, D.C., metropolitan area and at the various Presidential libraries and Archives regional branches throughout the country.

Many records are in a state of disrepair, and probably were in that condition when accessioned from other agencies. Thousands of records are withdrawn from use each year because of deterioration.

All records accessioned into the National Archives are required to be stored under prescribed temperature and humidity controls to prevent further deterioration. Deteriorating, older, nontextual records, such as motion pictures, still pictures, sound recordings, and aerial film, and more recent materials, such as automatic data processing tapes, are preserved by reproducing them onto other stable media. Textual records, on the other hand, are supposed to be fumigated and, where necessary, deacidified and laminated.

Preservation activities

NARS spent about \$10 million during the past 10 years on preservation activities. Most of the expenditures were for nontextual items such as films, sound recordings, and cartographic material. Appendix II shows the preservation costs from fiscal year 1969 through fiscal year 1978, and those planned for fiscal years 1979-80.

A relatively small amount of funds has been expended or is planned for textual preservation work. In a larger context, less than four-tenths of 1 percent of NARS fiscal year 1978 budget was spent on textual preservation. This results from NARS' decision to defer large-scale funding for this type of work until a more economical method is developed for deacidification. Older paper, particularly from the 18th and early 19th century, was good quality rag, but as paper production increased so did the acid content of paper, thus, the increasing need for deacidification.

NARS estimates that it costs about 25 cents to deacidify one sheet of paper. Based on this estimate, it would cost about \$750 million to deacidify the 3 billion textual items stored by the Archives. NARS believes that with the development of a bulk deacidification process, the cost per page could be reduced to one-half cent. We were unable to determine from NARS records how much was spent in researching bulk deacidification processes. However, given the smallness of the entire laboratory research activities at NARS, the deacidification research is a minimal effort.

According to a recent report, NARS plans to spend \$5 million a year on textual preservation once a breakthrough occurs. However, we were advised by NARS officials that a breakthrough in bulk deacidification may be several years off.

While NARS efforts in developing a bulk deacidification process are disappointing at best, we do agree that a large-scale program for deacidification should be deferred until a cost-effective process is developed. However, many records need other kinds of repair work.

A recent NARS preservation study report estimates that 1.7 billion textual items need repair in addition to deacidification. NARS' current policy is to preserve original textual records--primarily by means of deacidification and repair by lamination--rather than to microfilm and dispose of the records. The cost of repairing one page is now about

75 cents--25 cents for deacidification and 50 cents for lamination. Even with a breakthrough in bulk deacidification, the cost would still be in excess of 50 cents. The current cost for microfilming is 9 cents a page. NARS hopes that this cost can be reduced to 3 cents a page. In view of the high cost for repairing textual records, we believe that microfilming should be used where feasible to preserve the information on these records.

The feasibility of preservation through microfilming has been demonstrated. The Library of Congress, in fiscal year 1977 alone, microfilmed and disposed of over 10 million pages from documents such as the Official Railway Guide, Vanity Fair, and Pictorial Weekly. The Library is spending over \$1 million annually on its microfilming preservation program. We have also noted that large-scale microfilming has been used by other Government agencies for reasons of economy, efficiency, and security.

Subsequent to the above mentioned NARS preservation study, a NARS official recommended that NARS develop a 3-year microfilming preservation program costing about \$100,000 a year. The proposal, which was never adopted, would encompass series of records that are badly deteriorating.

In our view, a microfilm project of this type deserves further consideration. At least initially, it could be concerned with microfilming all deteriorating series of records. Original records judged to have intrinsic value should be preserved in both their original and microfilm form. Other records should be disposed of after they are microfilmed. We realize it is extremely hard to make contemporary judgments about what may have intrinsic value for future generations. Procrastination, however, is not the answer because records with or without intrinsic value are now subject to equal neglect.

Regional archives branches

One of the most significant problems in the regional archives branches is providing preservation services for records accessioned in a deteriorating condition. None of the textual records at the 11 regional archives branches have been fumigated as required by NARS regulations. Thus, they are subject to infestation. Except for Kansas City, none of the branches have fumigating equipment. The Kansas City equipment was delivered in June 1978, but it has not been installed.

A NARS official advised us in June 1979 that the requirement to fumigate archival records in the regional branches was being reconsidered. The official feels that infestation which may exist in nonarchival records--which are not required to be fumigated--would spread to the archival records located in the same building. Thus, it would be a wasted effort to fumigate the archival records. As of September 1979, there had not been an official change in the regulation.

Unclear budget submissions

Another problem we noted involves the manner in which NARS lets the Congress know how much preservation work it performs. In the budgets submitted to the Congress, there is one gross amount called preservation units. This may provide an unclear picture of the volume of records actually preserved since one sheet of paper, depending on size and preservation techniques required, can be converted to more than seven preservation units. For example, in fiscal year 1977, NARS converted 173,092 sheets into 1,422,984 preservation units. We believe the Congress would be better informed if the actual quantity and types of records preserved were shown, including the associated preservation costs.

If NARS estimates are even remotely accurate, it is highly unlikely that much impact will be made in the preservation backlog. Even assuming a breakthrough in bulk deacidification it would cost \$15 million to deacidify the 3 billion textual items. In addition, the costs to repair the 1.7 billion items requiring additional preservation work would be astronomical. For example, it would cost \$850 million to repair these items based on current costs for lamination of 50 cents a sheet. Considering NARS long-range plan of spending \$5 million a year for textual preservation it would take 170 years to work off the current backlog. It is quite apparent that another solution must be found, and we believe microfilming provides at least a sound interim procedure.

Ineffective use of funds

NARS has not made effective use of its film preservation funds. More than \$1 million of fiscal years 1977 and 1978 funds were unexpended at the beginning of fiscal year 1979 (see app. III) and may have to be deobligated.

NARS film preservation work is done by outside contractors or by its Photographic Services Branch. Expenses of the

branch are paid by the trust fund. The trust fund is reimbursed by appropriated funds for the preservation work. Funds are obligated for film preservation by the use of service orders to the Photographic Services Branch. Even when the work is to be done by outside contractors, the service orders are written.

NARS obligated \$571,500 under two service orders in September 1978 for work that was supposed to be performed by outside contractors. However, no contracts were let for this work in fiscal year 1978, and the funds were carried over to fiscal year 1979. We questioned the validity of these obligations in a letter to GSA dated May 4, 1979. We were advised by NARS in a letter dated October 18, 1979, that it believed the obligations were valid. In its view, employees of the Photographic Services Branch are representatives of the National Archives Trust Fund Board which NARS believes is a distinct organizational entity capable of entering into agreements with NARS or others. Thus, NARS considers its service orders as binding agreements. Assuming that the Trust Fund Board is a distinct organizational entity, and in the absence of any other authority to enter into inter-agency agreements, section 601 of the Economy Act of 1932, as amended (31 U.S.C. 686) would govern the agreements. Under this act, the costs under the interagency agreements which are chargeable to fiscal year appropriations must be deobligated at the end of the fiscal year, to the extent that work or services were not performed or rendered. In view of this, the more than \$1 million of unliquidated fiscal years 1977 and 1978 obligations that NARS carried over to fiscal year 1979 would have to be deobligated and returned to the General Fund of the Treasury.

Further, under the Economy Act of 1932, departments, establishments, or bureaus are authorized to place orders with any other department, establishment, bureau, or office for materials, supplies, equipment, work, or services "that the requisitioned agency may be in a position to supply or equipped to render." We have interpreted this to preclude the requisitioned agency from entering into contracts with third parties to perform the work for the requisitioning agency. (See 20 Comp. Gen. 264 (1940) and 19 Comp. Gen. 544 (1939).) As a result, the Congress amended the Economy Act of 1932 to specifically authorize certain agencies to "place orders for materials, supplies, equipment, work, or services of any kind that any requisitioned Federal agency may be in a position to supply, or to render or to obtain by contract." However, GSA is not one of the agencies authorized to place such orders.

Consequently, if the Economy Act is the basis for the orders between NARS and the trust fund, then we would question the authority of NARS to place such orders with the fund to have the work performed by third party contractors.

Storage conditions

During our inspection of the Archives storage areas we noted many records needing repair; dusty records, apparently resulting from faulty ventilating systems; and records improperly stored. However, we did not find, as noted in recent newspaper articles, that the Nation's most precious records were rotting away. In our examination of a selected number of volumes of the papers of the Continental Congress, we found the papers to be in generally good condition. Although many of the bindings were in a state of disrepair, we were told by an Archives official that this should not have any immediate effect on the paper records, and Archives plans to start repairing the bindings in fiscal year 1980.

Security

The security of Archives' records is a troublesome area. The greatest obstacle in determining the adequacy of current security procedures is the difficulty in determining when or if anything has been lost or stolen. The Archives estimates it is storing over 3 billion items of historical importance. Most of these items are not listed separately, but are grouped by type or subject matter. Much of the Archives' holdings are not frequently used by researchers, thus missing material might not be discovered for several years. Further, during our review we were not able to identify any inventory procedures used to identify missing records. Because records are grouped by type or subject matter, it would probably be an impossible task to periodically account for individual items. However, selective inventories--sampling, spot checks, etc.--could and should be employed, particularly for items judged to have intrinsic value. The samples and spot checks would enable Archives to identify storage areas and groups of records needing a more thorough inventory or more restrictive storage practices.

Security guards are stationed at all public entrances and exits and in the central research room. Research rooms located in the stack areas are monitored by Archives staff members who also service researchers' requests for records. It is up to these people to observe whether or not someone takes something from the records. This, of course, does not preclude the theft of materials by staff members.

In the past, missing materials have been reported to the Society of American Archivists which provides a "Register of Lost or Stolen Archival Materials" to manuscript dealers and archival institutions in order to help prevent the buying or selling of stolen documents. The known missing material at Archives includes documents from the Military Archives Division, some which bore the signature of George Washington and Abraham Lincoln. Other missing material includes items such as coins and medals from the House of Savoy. Since the discovery of the missing items, Archives has restricted access to many stack areas.

Security for intrinsically valuable records could be enhanced if they were microfilmed. Microfilming could help ensure the integrity of the records and reduce the damage and risk of loss which results from their handling by researchers because researchers would not access certain original documents.

Environmental conditions

The National Archives, the Library of Congress, and others in the business of preserving records have found that proper temperature and humidity controls are necessary to preserve records. We found, however, that archival records were being stored under conditions which do not meet standards endorsed by Archives and which can accelerate their deterioration. At the Archives Building, regional archives branches, and other Archives storage areas, humidity levels, and in certain instances temperature levels, have not consistently met prescribed standards. High humidity and temperature levels--over 55 percent relative humidity and 75 degrees Fahrenheit--increase the possibility of fungus growth and accelerate the aging process. Low humidity and temperature--less than 45 percent relative humidity and 65 degrees Fahrenheit--cause paper to become brittle.

In April 1979, our review of temperature and humidity readings at the Archives Building showed temperature readings ranging from 65 degrees to 83 degrees Fahrenheit and relative humidity readings of 31 to 77 percent. While the temperature was out of the tolerance range less than 10 percent of the time, the humidity was out of tolerance 57 percent of the time. Similar conditions existed at other storage sites, as shown in appendix IV.

Actions have been taken or planned to improve the environmental conditions at the National Archives Building and at some regional archives branches. At the National Archives Building, renovation of attic fans began in November 1977.

There are also plans to renovate and upgrade the heating, ventilating, and air-conditioning systems and provide a remote temperature/humidity readout system for the entire stack areas. The latter will provide continuous temperature/humidity readouts and alarms for all stack areas in the building at a central control point. Regarding the regional branches, plans have been made to increase the air-conditioning capacity at Philadelphia, to install humidity controls at San Bruno, and to enhance the storage conditions at other regional branches as needed.

In our view, GSA had not given adequate attention to conforming to temperature and humidity standards and other preservation concerns, such as fire safety standards. These problems seemed particularly severe at the old Lansburgh's Department Store building which was leased for NARS.

We were unable, due to poor recordkeeping and memory failures of those involved, to reconstruct why the Lansburgh's site was chosen. However, a recitation of the facts we have uncovered shows at best, that poor judgment and questionable decisions led to the Lansburgh's lease agreement.

Due to inadequate space at the National Archives Building, a 10-year lease was entered into for the Lansburgh's building in July 1976. In its request for space, NARS advised PBS that it desired space in a specific area near the National Archives Building. Thus, PBS restricted its search for space to this area, and found that Lansburgh's was the only vacant building that had the required space.

Prior to the lease agreement, questions had been raised regarding the adequacy of the Lansburgh's site. In June 1975, the Accident and Fire Prevention Branch of the PBS regional office reported that Lansburgh's did not meet NARS standards which require fire restrictive construction. The sprinkler system was about 50 years old, untested, and far subordinate to NARS standards, and space was not separated by firewalls into individual records storage areas of 40,000 square feet each, as required by NARS standards.

As a result of this report, the Acting Commissioner, PBS, in a memo dated June 17, 1975, advised the Archivist that it would be impractical and unfeasible to correct the basic fire-safety deficiencies. He concluded that he could not approve the use of the Lansburgh's building. Nevertheless, in December 1975, the PBS Accident and Fire Prevention Branch approved the Lansburgh's building as meeting GSA firesafety requirements, and a lease was entered into on July 30, 1976.

The lease, despite Archives standards requiring 24-hour temperature and humidity controls, did not include a provision for humidity controls. In addition, heat and air-conditioning were to be on only during working hours.

The conditions at Lansburgh's, as should have been expected, were eventually deemed unsatisfactory. In September 1978, PBS, at the request of NARS, inspected the Lansburgh's site and concluded that certain structural conditions posed a hazard to those employed there and to the contents of the building. For example, there were numerous unprotected holes in the vertical utility shafts which would allow smoke and heat to penetrate the shaft and be transmitted to the floors above.

It does not appear that PBS ensured that the terms of the lease were fully implemented. For example, the lessor was required to have the building free from any structural or mechanical hazards and freshly painted prior to occupancy. Also, in the event that the lessor failed to provide the services, the Government could secure the services and deduct the amount from the rental payments. As stated above, there were structural deficiencies that were not corrected prior to NARS occupancy of Lansburgh's. Further, the Government paid the lessor \$12,075 for painting Lansburgh's 2 months after the lease had been negotiated.

On October 13, 1978, NARS requested PBS to install heating, ventilation, air-conditioning, and humidity controls at Lansburgh's. It specified that the controls be maintained 24 hours a day, 7 days a week. Also, NARS asked that the temperature level be maintained at 70 degrees, plus or minus 4 degrees, and the humidity level at 50 percent, plus or minus 4 percent. In a memo dated April 5, 1979, PBS advised NARS that heating, ventilating, and air-conditioning at an estimated annual cost of \$246,000 still would not bring the building up to the level requested. Also, the building's systems were neither designed for, nor capable of, providing the temperature and humidity requirements cited in the request. In May 1979 NARS told PBS to provide 24-hour heating and air-conditioning service. This was not done.

The absence of both records and good memories by those involved did not allow us to fully assess the conditions and/or circumstances which brought about the Lansburgh's lease. However, the existing fire hazard as described by PBS and the extensive cost involved to bring the building up to less than desired storage standards, indicated to us that Lansburgh's offered problems rather than a solution to

Archives storage needs. In view of the high costs to bring Lansburgh's up to NARS standards, GSA considered alternatives for storing the archival records located there. On August 20, 1979, GSA announced that it was terminating its use of the Lansburgh's building and relocating the archival records stored there.

Film storage

This study is the second our office has made of storage and preservation at the National Archives in recent years. We issued a report to the Congress on June 19, 1978, regarding motion picture film. In that report we described deficiencies in NARS program to care for valuable historical film entrusted to its care. Problems included badly deteriorated nitrate motion picture film, lack of a viable film preservation and maintenance program, and inadequate storage conditions.

We recommended in our June 1978 report that GSA take action to convert its nitrate film to safety film--the only feasible means of preserving this film. We also recommended that inadequate environmental conditions in the Archives Building be corrected and that steps be taken to provide for adequate inspection, preservation, and maintenance of the millions of feet of safety film in Archives care.

On December 7, 1978, a fire destroyed 12.7 million feet of nitrate motion picture film--almost half of the 26 million feet stored in Archives Suitland, Maryland, film vaults. There are similarities between the preservation and management of film and Archives' handling of its textual materials.

Our report recommended that Archives determine what film was of archival value so that proper attention could be afforded to the preservation of that film. However, Archives was slow to recognize that a substantial part of the film was not of permanent value. Even the crisis reaction subsequent to the fire resulted in Archives requesting funds for complete conversion of the remaining nitrate film to safety film. Since that request in February 1979, Archives has determined that about 5 million feet of the remaining film is not archival. As a result, Archives request for funds was proportionately reduced. Determining what portions of the nitrate film collections were not archival required hard decisions--decisions similar to those we would like to see made on the intrinsic value of textual materials so that proper preservation can be concentrated on items of permanent value.

TRUST FUND OPERATIONS

The NARS Trust Fund was created by the act of July 9, 1941, primarily to handle gifts and other bequests for the general benefit of the National Archives. In June 1948 the Archivist was authorized to charge fees for furnishing reproductions of archival records and materials and to deposit proceeds in the trust fund.

In operating the trusts, the Trust Fund Board has used two separate funds; one for gifts and the other for handling revenue-producing activities of the Archives. The emphasis in our review was on the fund for revenue-producing activities. In fiscal year 1978, this fund's sales and expenses were about \$7 million each and the retained earnings amounted to about \$5.1 million at the close of the year.

Normally trust funds handle money which is held in trust by the Government to carry out specific purposes and programs in accordance with the terms of agreements or statutes. When business-type operations are added, as is the case at NARS, the fund becomes what is commonly called a trust-revolving fund.

In several reports in recent years, we have expressed concern over the use of revolving funds because they can be used to avoid congressional control. In a 1977 report to the House Committee on the Budget, we suggested that the Congress study the full financial implications of any revolving fund to be established. Our review of the NARS Trust Fund is yet another example of why these funds should either not be authorized or should be more closely controlled by the Congress. Specifics of the problems we noted follow.

Expansion of Trust Fund activities

The Archives Trust Fund's basic legislation contains broad authorities for sales to the public. For example, one section authorizes sales related to "the preparation and publication of special works and collections of sources and the preparation, duplication, editing, and release of historical photographic materials and sound recordings." Over the years NARS officials have applied the broadest of interpretations to the statutes. As a result, business-type activities have been added. For example:

- A historical poster-type calendar was developed and is now on sale. The calendar depicts various historical events for each day of the year and is intended as an educational aid.

- Various souvenir items are sold through the trust fund, including such things as jewelry, scarves, and cassette tapes. Similar sales at other Federal agencies, such as the National Park Service, are handled by privately operated concessionaires.
- Four books were developed as a result of scholarly conferences promoted by the trust fund and published under contract with Howard University Press. The trust fund pays all the publication expenses that Howard incurs and royalties are divided evenly between Howard and the trust fund.
- The National Audiovisual Center's operations are included in the fund even though it rents and sells audiovisual products produced primarily by other Federal agencies. These products cover a diversity of subjects from a National Park Service film on the Gettysburg Address to a Veterans Administration film on how to brush your teeth.
- Some costs are paid for an annual records management conference, including the cost of a cocktail reception.

In our opinion the Congress is not receiving adequate information on the types of activities being carried out by the trust fund. For example, the trust fund's budget justification for fiscal 1980 shows a cost of about \$6.4 million attributed to "reproduction services" without reference to the various Archives organizations that will incur the costs. The revenue is explained only as coming from sales of publications and reproductions, admission fees to Presidential library museum rooms, and reproductions of tax returns.

Trust fund and appropriated activities are intermixed

Most major Archives organizations receive both appropriated and trust fund money to pay their operating costs. When an agency has a choice of funding an activity with either appropriated or trust fund moneys, congressional control over appropriated activities is diluted. This is particularly true when the trust fund activities are not fully disclosed to the Congress as in the case of NARS. For some Archives activities it is difficult to tell where the trust fund activities end and where appropriated activities begin. For example:

--The Office of National Archives received about \$9.6 million in appropriated funds and about \$400,000 in trust fund money to cover its fiscal year 1978 operating costs.

--The Office of Federal Register used personnel paid with appropriated funds to reproduce copies of the Federal Register. The trust fund received about \$18,000 in fiscal year 1978 from public sales of these copies.

--The trust fund paid for employee travel that normally is paid by appropriated funds.

The trust fund's authorizing legislation permits sales of items whose costs are fully or partially paid by appropriated money. However, such costs are not recorded in the trust fund's books. Since the proceeds of such sales can be and have been deposited in the fund, the trust fund operations have, in effect, received a Federal subsidy. Also, the appropriated fund accounting does not disclose the amount of the subsidy. For example, in fiscal year 1978, the trust fund paid about \$24,000 for publication of 4,000 copies of a directory of National Archives and manuscript depositories. The directory was developed using an undeterminable amount of money from the National Historical Publications and Records Commission's appropriation. Since an estimated \$100,000 in proceeds from the directory will be deposited in the trust fund it will be receiving a Federal subsidy.

Use of direct-hire authority

Under the authorizing legislation, the Archivist has authority to hire trust fund employees without regard to civil service laws. The legislative history shows that this direct-hire authority was given so that highly qualified technical employees could be hired for short periods of time. We noted that over the years, the Archives' direct hires have not been consistent with this intent.

Under this direct-hire authority, the trust fund employs about 240 people. Most of these are full-time employees who do not have the special skills and knowledge envisioned by the legislation. For example, many are administrative employees such as clerks, typists, and secretaries.

Although the trust fund authorizing legislation provides that trust fund employees and only trust fund employees must be paid from trust fund revenues, we found that some trust fund employees were paid out of appropriated funds and some

appropriated fund employees were paid out of trust funds. Further, Civil Service Commission (now Office of Personnel Management) regulations preclude the use of Archives Trust Fund employees in Archives' regular work without prior Office of Personnel Management approval. In spite of this, some trust fund employees have been switched back and forth between trust fund and appropriated activities without the required approval, and controls have not been established to assure that employees are paid from the correct funds. In addition, some trust fund employees have been promoted faster than the minimum time-in-grade requirements for their counterparts in competitive service, a condition adversely affecting employee morale.

Pricing practices

The Archives' authority for sales specifies that the trust fund sales prices will be set to recover costs plus a fee not to exceed 10 percent. The way the Archives applies this authority has some of the characteristics of a cost plus a percentage of cost contracting.

The Archives does not appear to be complying with legislative requirements for pricing its products and services. Some items and services are priced to recover certain recognized costs plus a 10-percent profit. Yet prices for other items are set on the basis of market prices for similar items. For example, a booklet entitled "Charters of Freedom" was priced to sell at more than 400 percent above the trust fund cost. Moreover, discounts of up to 20 percent are granted on sales to members of the Archives Associates. Authorizing statutes do not permit these discounts or allow the Archives to set prices on a basis other than cost.

Charges to Federal agencies

The trust fund charges a fee for reproductions or copies of practically all records, documents, and other materials it provides to Federal agencies for their official use. This practice is permitted by law (44 U.S.C. 2112) only when the copies or reproductions cannot otherwise be furnished. This provision was added to allow reimbursement when appropriated money was insufficient to provide required reproductions.

The trust fund's practices have resulted in Federal agencies paying for reproductions regardless of whether Archives' available appropriations were sufficient to fund the reproduction costs. Trust fund records for fiscal year 1978 showed about \$1.7 million was collected from Government agencies for materials bought for official Government use.

This amount of revenue from Government sources was not disclosed in reports submitted to the Congress.

Should the fund be continued?

We believe that the Archives Gift Fund may be needed, but if continued, it should be made more specific in terms of authorized activities and expenses. However, we cannot support the continuation of the trust-revolving fund for the following reasons.

First, as stated in our past reports on revolving funds, such funds should be authorized only after a clear demonstration that its proposed activities cannot be successfully operated in the public interest within the congressional appropriation process. The use of the appropriations to subsidize trust fund activities leads us to believe that such a demonstration cannot be made.

Next, the only apparent advantage of a revolving type fund would be flexibility for management to meet unforeseen requirements. We saw no evidence of unusual conditions that would preclude reasonably accurate forecasts of the Archives' workload. Moreover, the need for flexibility is not an adequate reason itself to justify a revolving fund if flexibility can be provided under appropriation funding.

Finally, there are a number of undesirable conditions in the current trust fund operation. Most of these conditions, of course, can be corrected by more stringent laws and by more aggressive management. However, a revolving fund is required to have a different, and much more sophisticated, accounting system than one needed for appropriation accounting. At the time GAO approved GSA's overall accounting system, the NARS Trust Fund was not characterized to GAO as being a trust-revolving fund. Therefore, modifications to the trust fund accounting system design are necessary to bring it into compliance with GAO requirements.

NARS PRESERVATION PROGRAM

<u>Fiscal year</u>	<u>Costs</u>		<u>Preservation units</u>	<u>Per unit cost</u>	
	<u>Total</u>	<u>Textual</u>			<u>Nontextual</u>
1969	\$ 180,000	\$ 80,000	\$ 100,000	2,180,000	\$.08
1970	190,000	90,000	100,000	2,750,000	.07
1971	1,031,000	101,000	930,000	8,164,000	.13
1972	1,168,000	108,000	1,060,000	9,456,000	.12
1973	963,000	116,000	847,000	7,045,000	.14
1974	1,080,000	250,000	830,000	13,930,000	.08
1975	1,015,000	132,500	882,500	15,095,000	.07
1976	1,080,000	140,000	940,000	13,631,000	.08
Transition quarter	270,000	35,000	235,000	3,570,000	.08
1977	1,180,000	155,000	1,025,000	14,200,000	.08
1978	1,230,000	265,000	965,000	8,000,000	.15
1979 (note a)	1,800,000	280,000	1,520,000	11,300,000	.16
1980 (note b)	1,600,000	280,000	1,320,000	10,100,000	.16

a/Approved program.

b/Planned.

Source: National Archives and Records Service.

PRIOR YEARS FUNDS CARRIED OVER
TO FISCAL YEAR 1979

	<u>Unexpended balance Oct. 1, 1978</u>
Fiscal year 1977 appropriations:	
41410-255	\$ 13,544
41450-255	75,559
41211-255	<u>98,619</u>
	<u>\$ 187,722</u>
Fiscal year 1978 appropriations:	
41410-255	\$ 37,000
41430-255	224,332
TO-242110-251	2,500
41211-255	<u>629,460</u>
	<u>\$ 893,292</u>
Total	<u><u>\$1,081,014</u></u>

Source: NARS summary of obligated funds

TEMPERATURE AND HUMIDITY LEVELSDECEMBER 1978 - JANUARY 1979

<u>Site</u>	<u>Temperature</u>	<u>Percent out of tolerance</u>	<u>Humidity</u>	<u>Percent out of tolerance</u>
Waltham, Mass.	54-72	39	22-40	100
Bayonne, N.J.	54-84	37	27-48	81
Philadelphia, Pa.	63-79	21	22-42	100
Atlanta, Ga.	64-75	7	49-57	2
Chicago, Ill.	68-72	-	28-38	100
Kansas City, Mo.	71	-	43-45	50
Fort Worth, Tex.	71-76	12	38-46	75
Denver, Colo.	56-65	95	48-61	31
Laguna Niguel, Calif.	65-71	-	36-74	88
San Bruno, Calif.	60-70	8	38-52	79
Seattle, Wash.	65-69	-	36-46	96
Suitland, Md.	68-69	-	26-46	98
Lansburgh's	61-80	37	<u>a/</u>	

a/No humidity readings at Lansburgh's until April 1979.

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