

**Treasury General Management and
Infrastructure Support:
Records Management at the
Financial Management Service**

OIG-02-037

January 30, 2002



Office of Inspector General

The Department of the Treasury

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Abbreviations

AC	Assistant Commissioner
APD	Administrative Programs Division
BPD	Bureau of the Public Debt
CFO	Chief Financial Officer
CFR	Code of Federal Regulations
Department	Department of Treasury
DO	Departmental Offices
FOIA	Freedom of Information Act

Contents

Abbreviations (continued)

FMS	Financial Management Service
FRC	Federal Records Center
FY	Fiscal Year
GRS	General Records Schedule
NARA	National Archives and Records Administration
OIG	Office of Inspector General
OMB	Office of Management and Budget
RIMP	Records and Information Management Program
SF	Standard Form
TD	Treasury Directive
TD P	Treasury Directive Publication
USC	United States Code

*The Department of the Treasury
Office of Inspector General*

January 30, 2002

Richard L. Gregg
Commissioner
Financial Management Service

The Department of the Treasury (Department) manages records throughout their life cycle to facilitate accomplishment of the agency's programmatic and administrative missions, to preserve official agency records in accordance with statutory and regulatory requirements, and to ensure access to information by Treasury officials and the public, as appropriate. The Department plans and establishes a framework for managing and overseeing a comprehensive agency-wide records management program. All records of the Department should be listed, and accounted for, in records schedules, and their disposition should be in accordance with the schedules.

The Federal Records Act requires agencies to create and preserve records containing adequate and proper documentation of their functions, policies, procedures, and essential transactions. The Federal Records Act also requires that agencies establish and maintain a program for the efficient management of their records and management programs. In addition, the Paperwork Reduction Act of 1995, with respect to records management, requires each agency to implement and enforce applicable policies and procedures, including requirements for archiving information maintained in electronic format, particularly in the planning, design, and operation of information systems.

The objectives of the audit were to determine whether the Financial Management Service (FMS) had implemented applicable records management policies and procedures in accordance with regulatory guidance, and to evaluate whether FMS had controls that would allow for authorized, timely, and appropriate disposition of records.

In addressing the first objective, we also considered whether procedures regarding litigation activities would enable program staff to appropriately communicate the need for records information and to retrieve documents required for litigation and for Freedom of Information Act (FOIA) and congressional requests prior to disposition. With reference to litigation, it should be noted that the Department has been under Court Order to preserve all documents relating to the Individual Indian Monies Trust Fund.¹

As part of this multi-bureau review of controls over records management, we conducted audit work at Departmental Offices (DO), at FMS, and at the Bureau of the Public Debt (BPD) from April 2000 to January 2001. This report reflects the results of our work at FMS. We plan to issue separate reports for DO and BPD. A more detailed description of our objectives, scope, and methodology is provided as Appendix 1.

Results in Brief

We found that, at the time of our field work, FMS had taken action to improve its records management policies and procedures in accordance with regulatory and Treasury requirements. Additional action has been taken since that time, as part of an ongoing effort to enhance the FMS records management program within the current operational environment. The actions taken by FMS are reflected under each of the four *Findings* in this report.

Our report presents four recommendations to the Assistant Commissioner (AC) for Management/Chief Financial Officer (CFO). FMS actions have addressed these recommendations.

FMS provided a response to our final draft report. This response, dated January 15, 2002, is included as Appendix 2.

¹ Cobell, et al, v. Norton, Civ.No. 96-01285(RCL)(D.D.C.), addressing the Federal government's management of the Individual Indian Monies Trust Fund (referred to as Cobell in this report).

Background

When conducting business, every Federal agency creates a large number of records in a variety of media. Numerous laws, regulations, and directives have been formulated to address records management practices, including the following that apply to FMS.

- The Federal Records Act, 44 United States Code (USC) 3105.
- The Paperwork Reduction Act of 1995, 44 USC 3506.
- The Freedom of Information Act, 5 USC 552.
- Office of Management and Budget (OMB) Circular A-130, *Management of Federal Information Resources*, dated February 8, 1996.
- National Archives and Records Administration (NARA) Regulations, 36 Code of Federal Regulations (CFR) 1220 and following.
- NARA General Records Schedules (GRS).
- Treasury Directive (TD) 80-05, *Records and Information Management Program*, dated February 23, 2000.
- Treasury Directive Publication (TD P) 80-05, *Records and Information Management Manual*, issued during March 2000.
- *Records Management Self-Evaluation Guide*, issued by NARA, revised/adopted by Treasury during August 1999.
- *Manual of Administration*, issued by FMS during April 2000.

The FMS Administrative Programs Division (APD), under the AC for Management/CFO, administers the records management program for all eight AC offices, which include headquarters and field locations. The APD mission in this area is to develop and administer FMS's records management program in the interest of maximum efficiency, economy, and effectiveness. Oversight responsibility resides with the APD Director, who is the FMS Records Management Officer, and who serves as the liaison between the FMS program areas and NARA and the Federal Records Centers (FRC) for retiring, retrieving, and disposing of records.

The Records Management Officer, who also serves as the liaison between FMS and the Department for any records management issues, is assigned responsibility for the development and direction of the records management program. Responsibilities also include developing and issuing records management policies and procedures; reviewing and updating FMS records retention and disposal schedules; providing maximum use of the FRCs for storing inactive records; and attending Departmental and NARA records management meetings. FMS had also assigned Records Coordinators within each of the AC areas to work with the APD and to handle records management issues within their respective areas.

Findings and Recommendations

Finding 1 **Records Management Policies and Procedures**

Overall, we concluded that FMS had taken action to improve its records management policies and procedures in accordance with regulatory guidance and the Treasury Directives.² At the time of our onsite work, we found several minor omissions to references and authorities from the Treasury Directives. We also found that FMS had addressed records requirements when litigation is involved, but had not developed electronic recordkeeping policies and procedures. A contributing reason cited for this was the low level of priority given to records management initiatives by senior management in the past.

Section 3102 of the Federal Records Act requires each agency to establish and maintain an active, continuing program for the economical and efficient management of records. Additionally, NARA issued GRS Number 20, *Electronic Records*, during 1995 to provide disposal authorization for certain electronic records and

² In this report, the term *Treasury Directives* is used to refer to TD 80-05 and TD P 80-05 collectively. Page 5 includes the titles and dates of these Directives. In instances where a statement applies to only one of the two documents, the specific reference is shown.

specified hard-copy (paper) or microform records that are integrally related to the electronic records.

With reference to records requirements for litigation, FMS records management staff worked with the FMS Office of the Chief Counsel to develop and incorporate a section titled *Document Preservation for Records Relating to Litigation* into Chapter 6100 of the *Manual of Administration*. This section, issued during April 2000, provides guidance to all FMS employees on when and how to retain records required for litigation.

At the time of our review, FMS Counsel and senior management had taken additional measures, such as sending memorandums and annual reminders, and holding meetings, to emphasize the importance of records management and preservation to all FMS employees. For example, the Office of the Chief Counsel issued a memorandum on March 7, 2000, with reference to specific litigation, instructing records coordinators and program managers on how to obtain legal waivers. At that time, there were also plans to incorporate records management information into FMS's orientation for all new employees.

In part as a result of a review conducted by the Program Integrity Division, Management Control Branch, a project plan was underway at the time of our review to outline the functions, processes, and milestones for implementation of a comprehensive Records and Information Management Program (RIMP). Although the drafting of electronic policies and procedures for all of FMS was initially assigned to the AC for Information Resources, during our field work we were told that the AC for Management had requested that the RIMP project group prepare the draft instead. FMS was also scheduling discussions with NARA on electronic recordkeeping at that time.

Recommendations

1. The Assistant Commissioner for Management/CFO should require the Director, Administrative Programs Division, to revise policies and procedures to incorporate references and authorities from the Treasury Directives (TD 80-05 and TD P 80-05), to reflect organizational changes that have occurred since revisions were made in 1997, and to include references to instructional documents prepared by FMS Counsel.

Management Response

FMS completed revisions to its records management policies and procedures, and incorporated references and authorities from the Treasury Directives.

Office of Inspector General (OIG) Comments

The OIG believes that the actions taken by FMS address the intent of the recommendation.

2. The Assistant Commissioner for Management/CFO should require the Director, Administrative Programs Division, to revise records management procedures in the existing manual to provide electronic recordkeeping guidance.

Management Response

In addition to the language under *Disposition of Special Records* in Chapter 6200 of the *Manual of Administration*, the Office of the AC for Management/CFO provided interim guidance to FMS employees on electronic recordkeeping in an October 17, 2000, memorandum, that discussed, and had attached to it, the Treasury Directives.

OIG Comments

The OIG believes that the actions taken by FMS address the intent of the recommendation.

Finding 2 Records Management Program

At the time of our review, we concluded that FMS had taken actions to improve its records management program, which for the most part complied with regulatory requirements and the Treasury Directives. Actions included establishing the RIMP project plan and incorporating a records management element into the performance elements and standards of staff with records management responsibilities, including ACs and managers. FMS has continued its efforts in this area.

In general terms, the *Records Management Self-Evaluation Guide* states that an effective records management program includes clear definitions of objectives, responsibilities, and authorities; sufficient resources to administer the program; training and guidance for staff; and periodic internal program evaluations to monitor compliance and program efficiency. Section 3102 of the Federal Records Act requires an agency to establish and maintain an active, continuing program for the economical and efficient management of its records. Moreover, OMB Circular A-130 states that records management programs should provide adequate and proper documentation of an agency's activity, ensure the capability to access records regardless of form or medium, and provide training and guidance to program staff regarding their records management responsibilities.

Discussed below are three areas for which we believed additional action was warranted at the time of our review, i.e., staffing levels, training and guidance programs, and internal program evaluations. Contributing reasons cited for lack of action in these three areas at that time were low priority given to records management initiatives by senior management and limited resources assigned to this function.

With reference to the level of priority, for example, it was not until 1999, when staff was notified of records retention requirements for several lawsuits that had been filed years earlier, that FMS senior management increased emphasis on records management issues.

During March 2000, an internal management review conducted by the Program Integrity Division, mentioned in Finding 1, provided recommendations for an effective records management program. At the time of our field work, FMS was in the process of addressing these internal recommendations, which were directed at issues such as a lack of a records management program, a lack of skilled resources, and inadequate training of agency personnel.

Without an appropriate records management program, the integrity of a records management system could be compromised. Also, without adequate training and guidance, the potential exists for staff who are accountable for records to keep incomplete or inaccurate records, or to inadvertently discard records that should be retained.

Staffing Levels

At the time of our review, we were advised that the APD had not implemented an appropriate records management program because of limited resources and low priority. The March 2000 FMS internal review stated, in part, that adequate staff is needed to administer and oversee FMS's records management programs and to assure that programs complied with regulatory requirements. Staffing at the time of our review consisted of a Records Management Project Leader and a Records Management Specialist reporting to the Records Management Officer.

In addition to the issues of staffing and low priority, discussed above, the Records Management Officer was required to devote attention to specific lawsuits, such that records management operations could only be performed as time allowed.

Training and Guidance Programs

At the time of our review, we felt that FMS should enhance its training and guidance program. According to the Records Management Officer, there had not been a training program at FMS since the mid-1990s. However, opportunities for seminars, conferences, workshops, electronic messages, and briefings for the purpose of keeping current on government-wide and Treasury records management practices were provided to FMS offices and records staff.

Of the thirty-two FMS program staff members whom we interviewed, seventeen (53 percent) had not received training on the regulations or on Treasury policies and procedures. Fifteen (47 percent) had received training from internal sources or from external sources such as NARA. Some program staff members told us that they had limited awareness training when attempting to use records management policies and procedures. There were also some uncertainties as to when records should be disposed of or retained.

In general terms, the *Records Management Self-Evaluation Guide* states that an effective management program requires the inclusion of timely and continuing training and guidance for program or records officers, and for others with regular records management duties. The guidance also requires that records management liaisons, secretaries, file clerks, and those program staff with regular records management duties receive guidance and training in records maintenance and filing procedures and records disposition.

Although at the time of our review FMS had made some efforts to train its responsible staff, in part motivated by the lawsuits that had been filed against the Department, we felt at that time that FMS should make records management a higher priority.

Internal Program Evaluations

At the time of our review, the APD had not conducted internal program evaluations of the records management program.

Contributing causes included limited staffing and a low priority given to records management. The FMS Records Management Officer, who along with other duties was assisting the Department and coordinating litigation-related records retention efforts with program offices, told us that action would be taken to conduct the internal program evaluations once staffing was in place.

Recommendation

3. The Assistant Commissioner for Management/CFO should require the Director, Administrative Programs Division, to continue efforts to implement an effective records management program that complies with regulatory requirements and with the Treasury Directives, by taking actions such as (a) allocating adequate resources, including sufficient staffing; (b) providing appropriate training and guidance; and (c) conducting internal program evaluations.

Management Response

FMS broadened the scope of the Records and Information Management Program, increasing staffing levels from two to six Full-Time Equivalents, reporting to the Director of the APD. The RIMP is currently staffed with a Supervisory Records Management Specialist and five staff members. The Director of the APD has oversight responsibility for developing, directing, and implementing the program, and serves as the FMS Records Management Officer.

FMS contracted with the Department of Agriculture Graduate School to provide records management training to FMS records coordinators and liaison staff. In addition, the RIMP staff provided training in records and information management to various offices, including the entire Offset Division within Debt Management Service. RIMP staff also routinely provides records management training when requested by a program office, in day-to-day consultations when a program office requests assistance, and when records reviews are conducted

to facilitate disposition requests. Additional training for several AC areas is under development for Fiscal Year (FY) 2002.

OIG Comments

The OIG believes that the actions taken by FMS address the intent of the recommendation.

Finding 3 Records Schedules

At the time of our field work, the *Request for Records Disposition Authority*, Standard Form (SF) 115, referred to as a records schedule, was not current and needed revision. The records schedule did not provide for offices or for electronic records created after NARA approved the FMS SF 115 dated January 12, 1993. For example, two Divisions had been created, but their records and systems had not been scheduled. Also, a new automated system in the Financial Services Division had not been scheduled.

NARA, 36 CFR 1222.20, *Agency responsibilities*, states that each Federal agency shall review recordkeeping requirements, as part of the periodic information resources management reviews required by 44 USC 3506, or the periodic records-management evaluations required by 36 CFR 1220.54, in order to validate that they are current and to ensure that recordkeeping requirements are being implemented. Also, 36 CFR 1228.22, *Developing records schedules*, states that agencies should prepare an inventory of records, including a description of their medium, location, volume, inclusive dates, informational content, and use. Furthermore, 36 CFR 1228.24, *Formulation of agency records schedules*, states that an SF 115 shall include only new records not covered by the GRS, deviations from the GRS, or previously scheduled records requiring changes in retention periods or substantive changes in description.

TD 80-05 states that the bureau records management officers shall review all records schedules triennially to ensure that new categories of records are scheduled, that discontinued categories

of records are eliminated, and that retention periods are altered where appropriate. In addition, TD 80-05 states that triennial reviews should be made to determine compliance with Federal records management regulations and also to provide the Department's Records and Information Management Officer the required documentation to conduct reviews at a Departmental level.

We found that the records and systems of two Divisions, Program Compliance and Risk Management, were not included in the records schedule, because the divisions had been created after NARA approved the SF 115 during 1993. We also found that the Financial Services Division's system had not been scheduled.

FMS had not included these records or systems on its existing SF 115 because FMS had not performed reviews to identify new records series and informational systems that should be scheduled and changes that require records schedule revisions. FMS staff also stated that other reasons for the delay in revising the SF 115 included a lack of staffing, and the high level of emphasis placed on, and staff devoted to, litigation. The Director of the APD acknowledged that the SF 115 needed to be revised. As of the close of our field work, the APD staff was providing assistance to the AC offices in completing file inventories and determining retention periods, so as to completely update the existing records schedule.

Recommendation

4. The Assistant Commissioner for Management/CFO should require the Director, Administrative Programs Division, to continue efforts to prepare file inventories, to update the existing SF 115 and/or prepare new SF(s) 115, and to conduct triennial reviews of the SF(s) 115.

Management Response

Proposed revised records schedules were submitted to NARA on September 28, 2000, for the four Assistant Commissioner areas

that have Cobell-related records. As of December 19, 2001, NARA had not approved these records schedules.

OIG Comments

The OIG believes that the actions taken by FMS address the intent of the recommendation.

Finding 4 Disposition of Records

At the time of our review, FMS had on hand records that were scheduled for destruction onsite or at the FRCs. Also, FMS had not transferred records to the FRC or to NARA for permanent retention in accordance with its existing SF 115. Records that are scheduled for destruction but are retained beyond the scheduled dates may cause an agency to incur excessive storage costs.

According to 36 CFR 1220.38, *Disposition of records*, agencies must ensure the proper, authorized disposition of their records regardless of format or medium, so that permanent records are preserved and temporary records no longer of use to an agency are promptly deleted or disposed of in accordance with approved records schedules when the required retention period expires. This section of the CFR also states that, as an intermediate step, when records are not needed for current day-to-day reference, they may be transferred to a records storage facility.

The FMS records management staff told us that, because of several ongoing lawsuits, a freeze had been placed on all potentially relevant or responsive records. Because of the freeze placed on FMS records during 1999, responsible employees at FMS had not disposed of records or retired records to FRCs. In addition, at the time of our review, the offices that we reviewed had not contacted FMS counsel to seek waivers to dispose of records not relevant or responsive to litigation.

We selected nine offices within two AC areas, Financial Operations and Federal Finance, to conduct our physical observations of the

records inventories on hand. Some of the offices had been holding records since the freeze was instituted.

We found that the following five of the nine offices had records that could have been destroyed or sent to the FRCs.

- Check Reconciliation Branch.
- Check Claims Branch.
- Banking Operations Branch.
- International Funds Branch.
- Collections Modernization Division.

We were not able to assess the Judgment Fund Branch because its inventory records did not have the inclusive dates of the files. Because of limited information, we were also not able to determine how long some of the Financial Services Division records that were included in the 1993 SF 115 had been maintained in the division. Financial Services Division staff told us that records had not been sent to the FRCs or destroyed.

As mentioned in Finding 3, the records for the Risk Management and the Program Compliance Divisions were not scheduled because these divisions were created after the SF 115 was approved in 1993.

Records schedules for each of the two AC areas that we selected for review were among those submitted by FMS to NARA in 2000, but not yet approved.

In addition, we visited a warehouse in Landover, Maryland, which stored FMS records. We found some boxes marked *destroy*, and one box that had a 1987 accession number and indicated that the box should have been sent to the FRC. There was also a box containing a contract with a *destroy date* of 2/27/00 that had not been destroyed at the time of our onsite work.

As mentioned above, FMS instituted a freeze on records because of litigation. FMS has been under a court order to preserve all documents relating to the Cobell litigation. In a February 1999

memorandum, the FMS Commissioner instructed the AC offices to ensure that their staff located and identified documents that may be related to litigation. FMS also notified the Federal Reserve Banks, NARA, and the FRCs to continue the freeze until further notice.

FMS's Chief Counsel issued a memo to the ACs on March 7, 2000, regarding the process for obtaining approval for discarding documents not relevant or responsive to pending litigation. In addition, the Director of the APD transmitted an e-mail message on March 16, 2000, which was forwarded to all employees informing them not to send any records to the FRCs unless they are specifically covered by FMS's comprehensive records schedule or by NARA's GRS. The e-mail also instructed employees not to send any records that are older than the retention dates set in FMS's comprehensive records schedule or set by NARA's GRS.

If offices do not dispose of non-litigation records that should be destroyed, FMS will incur unnecessary charges. Subsequent destruction of records outside of the normal destruction period, depending on the timing, could also give the appearance of impropriety.

The staff members included in our sample agreed that they should obtain waivers to have records not responsive to litigation destroyed. FMS subsequently advised us that a number of AC areas have been using the internal procedure for disposition of documents not relevant or responsive to pending litigation. More than forty waiver requests for authorization to dispose of non-litigation records have been submitted since the Office of Chief Counsel issued its March 7, 2000, memorandum outlining the process. These waiver requests were for records maintained at FMS, not at the FRCs.

We were not able to determine whether records in the possession of the FRCs and those maintained at FMS were responsive to litigation. At the time of our field work, the Director of the APD informed us that FMS had 112,098 boxes of records at the FRC and 2,850 boxes of records stored at the warehouse that had

reached their retention periods, but had not been disposed of in accordance with the records schedules.

During FY 2000, NARA began charging agencies for storage and service costs for agency records maintained at its FRC facilities. Yearly storage and service charges are \$1.96 and \$1.38, respectively. This results in a total cost of \$3.34 per cubic foot.³ We applied the same storage and service cost factor to the records at the warehouse. Costs associated with retention of the 114,948 boxes stored at FRC and the warehouse, therefore, could reach \$383,926 during FY 2001. As more records reach the retention periods designated in the records schedules but are not destroyed, costs to the Treasury may escalate.

FMS management advised us that, because of the strict records retention requirements imposed by the Court in Cobell, FMS has been extremely cautious and conservative in its approach to records retention and disposal issues.

It is our understanding that FMS management shares our concerns regarding costs associated with retaining records beyond their scheduled destruction date and with the perception that may be created when records are destroyed significantly later than their scheduled destruction dates. But these issues assume a secondary role in the overall context of records retention requirements for the Cobell litigation.

While records retention costs are a concern, particularly when considered on a Treasury-wide basis, these costs will continue to be borne by the Department until such time as the Cobell case is adjudicated, or until the Court rules otherwise. Although NARA officials told us that some agencies are attempting to have the parties that have requested that records be retained; i.e., the Justice Department or, in some cases, the plaintiffs; pay the costs associated with storing records, this is not a course of action that Treasury plans to pursue.

³ The standard records box accepted by the FRC measures one cubic foot.

In this instance, then, FMS management would prefer to err on the side of maintaining too many records, a position we respect. It is our understanding that once the constraints of litigation are lifted, Treasury management plans to resume the proper disposition of records on an ongoing, structured basis, in accordance with each office's records schedule.

Because of the circumstances surrounding current litigation, we defer to the decision of senior management at FMS to err on the side of caution regarding records retention, and make no further recommendations at this point.

* * * * *

We would like to extend our appreciation to FMS for the cooperation and courtesies extended to our staff during the review. If you have any questions, please call me at (202) 927-6512 or Maria V. Carmona, Audit Manager, Banking and Fiscal Service, at (202) 927-6345. Major contributors to this report are listed in Appendix 3.

Donald R. Kassel
National Director, Banking and Fiscal Service

The objectives of the audit were to determine whether FMS had implemented applicable records management policies and procedures in accordance with regulatory guidance, and to evaluate whether FMS had controls in place that would allow for authorized, timely, and appropriate disposition of records. In addressing the first objective, we also considered whether procedures regarding litigation activities would enable program staff to appropriately communicate the need for records information and to retrieve documents required for litigation and for FOIA and congressional requests prior to disposition.

Our audit work focused on the Office of the AC for Management/ CFO, which has primary responsibility for records management activities, and on two AC areas, Financial Operations and Federal Finance.

We obtained documentation during our entrance conference and in numerous interviews with key program staff, including records management officers, records specialists, managers, and others. We reviewed and evaluated the applicable records management policies and procedures at FMS using a checklist developed for that purpose. We also evaluated the controls implemented in FMS's records management system designed to ensure authorized, timely, and appropriate disposition of records. In addition, we conducted inventory assessments at selected program offices.

This review was not part of the OIG Annual Plan for FY 2000, but rather was initiated, in part, based on the results of prior audit work⁴ and in response to concerns raised about the disposal of historical records during pending litigation. Also, the Department's Office of General Counsel had expressed interest in this matter.

As part of this multi-bureau review of controls over records management, we conducted audit work at DO, at BPD, and at FMS in Washington, D.C., and in Hyattsville and Landover,

⁴ Report titled *Financial Management Service's Deposit Fund Accounts Used for the Implementation of the Competitive Equality Banking Act*, OIG-00-088, issued on May 30, 2000.

Maryland. This report reflects the results of our work at FMS. We plan to issue separate reports for DO and BPD.

We started our field work during April 2000 and completed onsite work at the three organizations during January 2001. We conducted our audit in accordance with generally accepted government auditing standards.

Appendix 2
Management Comments



DEPARTMENT OF THE TREASURY
FINANCIAL MANAGEMENT SERVICE
WASHINGTON, D.C. 20227

January 15, 2002

MEMORANDUM FOR DONALD R. KASSEL
NATIONAL DIRECTOR, BANKING AND FISCAL SERVICE

FROM:

RICHARD L. GREGG

A handwritten signature in cursive script, appearing to read "Richard L. Gregg".

SUBJECT:

Revised Final Draft of the Report "Treasury General Management and Infrastructure Support: Records Management at the Financial Management Service"

This memorandum is submitted in response to the Office of the Inspector General's January 9, 2002, draft final report about your review of the records management policies and procedures of the Financial Management Service (FMS).

I have reviewed the draft final report and find that it accurately reflects the array of efforts which FMS has taken, and continues to take, in the records management area. The draft report contains recommendations about four specific areas, finds that FMS has already fully addressed the respective suggestions and that there are no additional corrective measures which FMS needs to undertake at this time. Equally important, the draft report recognizes, and supports, the conservative approach FMS has adopted concerning records disposition in light of the ongoing *Cobell* litigation.

Therefore, I have no substantive comments on this draft final report and agree with its findings and conclusions.

cc: David Aufhauser
Donald Hammond
Brian Ferrell

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