



## Internal Audit Report

# Records Management Program

Report Number: 2016-5 | Report Date: December 1, 2016

# Executive Summary

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**WE AUDITED** the current records management practices to assess the controls in place over storing, retrieving, and disposing records.

**AUDIT OBJECTIVE** was to determine whether:

- Departments/Divisions have effective document controls to create, use, and store records during the active phase.
- The Records Management Division has effective controls for retaining and disposing inactive records during the archival phase.

The audit examined management controls in place as of June 2016.

## WHAT DID WE FIND?

Public records are any information that Sound Transit creates or receives to support its decisions, actions, operations or business transactions. Thus public records serve as evidence of the activities and services provided to the public by Sound Transit.

Effective and efficient records management controls is important and necessary for the agency:

- To comply with applicable RCWs and the agency Policy.
- To effectively manage ever-increasing amounts of records.
  - ✓ There are 7 terabytes of electronic records, which is equivalent to approximately 600 million pages of Microsoft Word documents.
  - ✓ There are about 12,000 boxes of records with an average annual growth of 1,000 boxes.
- To be responsive to public information requests.
  - ✓ A number of public records requests has been increasing.

The management of records is decentralized at the department/division level based on business needs during their active phase. Agency Records Management is responsible for the document storage, retention, and disposition of records during their archive phase.

The agency's controls over storage, retention, and disposition of records are not adequate due to lack of agency wide procedures.



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# Table of Contents

Executive Summary.....i

Background.....1

Audit Objectives .....2

Scope and Methodology .....2

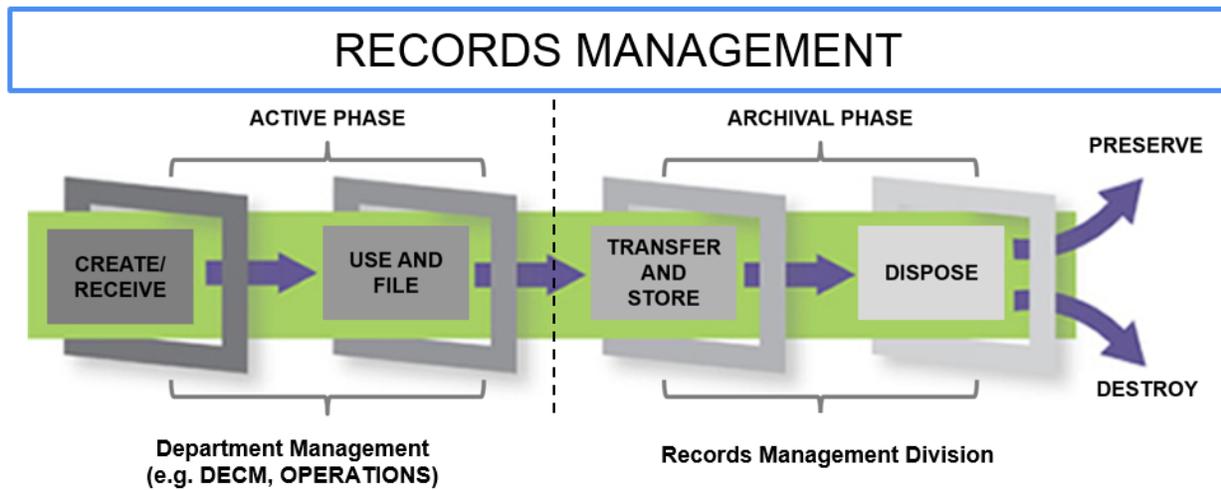
Conclusion .....3

Findings and Recommendations .....4

## Background

Public records are any information that Sound Transit creates or receives to support its decisions, actions, operations or business transactions. Thus public records serve as evidence of the activities and services provided to the public by Sound Transit.

The current records management processes at Sound Transit are made up of four components grouped into two phases, as indicated in the diagram below. A distinction between the phases is a point at which a record is considered inactive. A record becomes inactive when ready access is no longer necessary for day-to-day operations.



Responsibilities to control documents after they become inactive is centralized in a 3-person division, Records Management Division. The division manages the archival phase (i.e. storage, retention, retrieval and disposition of inactive records) of both electronic and physical records. Unlike the archival phase, the active phase of the document life cycle is decentralized at the department/division level. Based on business needs, each department/division applies its own metadata, file naming convention, and inactive status determination requirements and procedures.

A system of effective and efficient records management controls is important and necessary for the agency:

- To comply with Washington State requirements related to preserving, storing, and destroying public records in accordance with applicable RCWs.
- To effectively and efficiently manage ever-increasing records.
  - ✓ Electronic Records – There are 7 terabytes of electronic records in SharePoint. This is equivalent to approximately 600 million pages of Microsoft Word documents.
  - ✓ Physical Records - There are about 12,000 boxes of records in an offsite storage facility. Payment records to the facility indicate a growth of approximately 1,000 boxes each year.
- To be responsive to public information requests.
  - ✓ A number of public records requests has been increasing. A year-over-year comparison as of July indicate a 60% jump from 211 requests in 2015 to 346 requests in 2016

Departments create and manage active electronic records in a number of systems including shared network folders, SharePoint, and Live Link. They are used as a storage for electronic records, working files, and digitized copies of physical records, and those records are not assigned for the retention schedule. Physical records are maintained locally at department locations during the active phase and transferred to the offsite storage facility for the archive phase in some cases.

## Audit Objectives

To determine whether:

- Departments/Divisions have effective document controls to create, use, and store records during the active phase.
- The Records Management Division has effective controls for retaining and disposing inactive records during the archival phase.

## Scope and Methodology

We conducted this performance audit in accordance with Generally Accepted Government Auditing Standards and the International Standards for the Professional Practice of Internal Auditing. 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 gained an understanding of records management processes both at the agency and department/division level through data analysis, documentation reviews, site visits, and personnel interviews. We identified risks in the processes and assessed management controls in place to mitigate those risks. Considering the preliminary effectiveness of the management controls, we determined to focus on the both phases of the agency records management processes.

We examined processes and records as of June 30, 2016.

To determine whether Departments/Divisions have effective document controls to create, use, and store records during the active phase.

1. We interviewed the owners of key agency records in 15 divisions for their document control processes (store, retrieve, protect of records, evaluation of records process, retain, and dispose processes) to determine control effectiveness.
2. We selected a sample 25 records among 15 divisions for testing based on the analysis of existing records.
  - a. We examined their key agency records to determine whether:
    - Records are organized and easily retrievable.
    - Appropriate protection controls are applied for sensitive records (e.g. personally identifiable information):
      - Physical records are securely stored in a safe place.
      - Electronic records are stored with limited access.
    - Records retention rules are applied to records.

- b. We evaluated processes in determining document status (i.e., active vs. inactive) for the effectiveness of management controls.

To determine whether the Records Management Division has effective controls for retaining and disposing inactive records during the archival phase.

1. We visited the agency's offsite storage facility and reviewed:
  - physical security (e.g. access to the facility)
  - disaster prevention systems (e.g. fire suppression system),
  - facility location (e.g. hazardous business or material near the building)
2. We randomly selected 15 boxes of physical records and examined the contents to determine whether:
  - Records contents agree with information from Records Management Tracking System.
  - Records are assigned the retention schedule in accordance with WA state requirements.
  - Records are disposed timely.
  - The offsite facility had properly disposed of the document when requested, and had proper support for the destruction.

## Conclusion

The agency's controls over storage, retention, and disposition of records are not adequate due to lack of agency wide procedures. See Finding #1.

## Findings and Recommendations

### 1. The Agency Has a Lack of Agency Wide Records Management Procedures

The state, as well as the agency Policy 2000, requires records be stored, retained and disposed of in accordance with applicable RCW provisions.

Sound Transit creates and maintains increasing amounts of records to support day-to-day business. A systematic approach to managing records would help ensure not only compliance with applicable requirements but also effective operations at reasonable costs with the following benefits:

- Demonstrate public accountability
- Facilitate document research
- Prevent unauthorized access and edit
- Retrieve document easily to resume business in the event of a disaster
- Support legal actions

An essential part of a records management system is a procedures that provides guidance to promote the consistent application of a uniform set of practices. Such a manual would minimize risk of non-compliance and result in better organized, well controlled, and timely disposed public records.

Our tests noted that there is a lack of agency wide records management procedures, resulting in the following deficiencies and inconsistent practices:

#### Inadequate Metadata and classification scheme

We reviewed 25 records among 15 divisions, and found exceptions in 5 (or 33%) divisions.

- 3 divisions manage records with inconsistent (e.g., folder structure and/or file naming convention) metadata.
- 2 divisions have no metadata and classification scheme.

A lack of clear metadata definitions and classification scheme will increase document retrieval time, and the likelihood of providing inappropriate records including sensitive and personal information upon public requests.

#### A lack of records evaluation process

We reviewed 25 records among 15 divisions and found 93% (or 14 out of 15 divisions) have a lack of evaluation process to determine whether records are <sup>1</sup>official public records, to assign retention schedule for records, and to transfer for the archival phase. Thus, no retention schedule is assigned to the records from those divisions in accordance with state requirements.

- 14 divisions have no evaluation process over electronic records.
- 6 divisions have no evaluation process over physical records.

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<sup>1</sup> Official public records are complete information that provide proof or evidence of agency business.

As a result, divisions tend to keep both <sup>2</sup>inactive electronic records and <sup>3</sup>working files indefinitely without a business reason. This lack of evaluation process will increase risk of liability by disclosing unnecessary working files upon public requests.

### **Recommendations:**

We recommend the Records Management Division:

1. Develop and implement records management procedures as guidance to promote consistent document and archival management controls.

The following specific procedures are for management consideration:

- Document a business reason if/when a longer retention period is necessary or desired.
- Provide education and training on the retention and disposition procedures.
- Develop a regular review process for timely disposition.
- Provide examples of effective/efficient metadata creation and classification scheme.

### **Management Response:**

The agency recognized the need for agency-wide procedures, updating their Records Management policy in April 2016 and establishing, funding and expanding the responsibilities for records management. The report validates and supports the actions management has taken to date. Under the prior internal control model, responsibility for the development, management and adherence for records management was at the departmental level and the larger departments such as Design, Engineering and Construction Management and Operations have developed written procedures and those that have not developed written procedures have established practices. While the report references a lack of records evaluation process on page 4, the 12,000 archival boxes noted in the background section of the report, provide evidence that evaluation of paper records does occur.

Washington State requirements include ensuring public records are not inappropriately destroyed; are preserved within requirements (if not longer due to other retention requirements); and, meeting public information records requests. While the current practices have met the Washington State requirements, we agree that the establishment of agency-wide procedures shall: improve consistency across the agency; improve access and retrievability; reduce redundant records and potentially reduce storage costs and improve efficiency.

Records management is currently working on standardizing practices across the agency, establishing systems and processes over electronic records and providing agency-wide training on public records and employee responsibilities. The need for common systems and processes is increasingly important as work shifts from paper-based communication to electronic, however given the need for IT resources and the establishment of centralized systems and tools, full implementation is not anticipated to be completed until the end of 2019. Major elements are as follows:

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<sup>2</sup> Inactive records are records that are no longer necessary for day-to-day operations.

<sup>3</sup> Working files are incomplete transitory, duplicate, or reference items.

Completed to date:

- An agency-wide records inventory.
- The Agency File Plan assigning state retention rules to agency records, identifying sensitive information, identifying essential records needed in the event of a disaster
- The Agency Taxonomy containing the global categories and terms for applying metadata.
- Agency-wide training to increase awareness of responsibilities

In progress:

- Development of the agency *Standard on Data Classification and Handling* (in coordination with Information Security)
- Development of agency-wide records management policies, procedures, standards, and guidelines
  - Including development of agency specific training and oversight program on adherence to the new policies, procedures, standards and guidelines
- Implementing the Agency File Plan - systematic and consistent disposition
- Configuration of the Agency Records Center in SharePoint