City of Austin

**A Report to the Austin City Council**

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AUDIT REPORT

# Citywide Records Management and Retention Audit

August 2012

REPORT SUMMARY

We found that the City has a records management program which adheres to best practices; however, the program is not consistently implemented across all City departments. Without sound records management practices, the City may not be able to accurately and effectively respond to requests for documentation and could face consequences if records requests are not met.

**AUDIT NUMBER:** AU12109

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## GOVERNMENT AUDITING STANDARDS COMPLIANCE

We conducted this performance audit in accordance with Generally Accepted Government Auditing Standards. 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.

## AUDIT TEAM

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August 2012

# Citywide Records Management and Retention Audit

## Audit Report Highlights

### Why We Did This Audit

This audit was conducted as part of the Office of City Auditor's FY 2012 Strategic Audit Plan.

### What We Recommend

The City Clerk should leverage the Records Management Committee to support and promote Citywide records management, including strengthening the composition of the Committee, and working with this Committee to incorporate and implement accountability tools into the existing records management program.

For more information on this or any of our reports, email oca_auditor@austintexas.gov

Mayor and Council,

I am pleased to present this audit on Citywide Records Management and Retention Audit.

## BACKGROUND

"Records Management" refers to the management of records throughout the creation, use, maintenance, storage, preservation, and disposition of the records. The goals of records management include: reduce costs, improve efficiency, ensure legal compliance, improve access, and capture government history.

## OBJECTIVE AND SCOPE

The objective of the audit was to review citywide records management and retention policies and procedures for effectiveness and compliance.

The audit scope included current records management practices and data from Fiscal Year (FY) 2011 to the present.

## WHAT WE FOUND

We found that the City has a records management program which adheres to best practices; however, the program is not consistently implemented across all City departments. Without sound records management practices, the City may not be able to accurately and effectively respond to requests for documentation and could face consequences if records requests are not met.

We issued two recommendations to address weaknesses identified during the course of the audit.

We appreciate the cooperation and assistance we received from the City Clerk's Office staff during this audit.

Kenneth J. Mory, City Auditor

## BACKGROUND

The term "records management" includes the development of records control schedules, the management of filing and information retrieval systems, the protection of essential and permanent records, the economical and space-effective storage of inactive records, control over the creation and distribution of forms, reports, and correspondence, and the management of micrographics and electronic and other records storage systems.

## OBJECTIVES, SCOPE, AND METHODOLOGY

The Citywide Records Management and Retention Audit was conducted as part of the Office of City Auditor's Fiscal Year (FY) 2012 Strategic Audit Plan, as presented to the City Council Audit and Finance Committee.

### Objective

The objective of the audit was to review Citywide records management and retention policies and procedures for effectiveness and compliance.

### Scope

The audit scope included current records management practices and data from FY 2011 to the present.

### Methodology

To accomplish our audit objectives, we performed the following steps:

- Conducted interviews with Office of the City Clerk (OCC) staff,
- Analyzed available status reports,
- Evaluated applicable laws, policies, and procedures, including key information systems,
- Reviewed industry best practices, and
- Considered risk of fraud, waste, and abuse.

## AUDIT RESULTS

"Records Management" is a means by which municipalities can effectively retain and dispose of records. This practice is not only crucial to ensure compliance with City, State, and Federal Statutes but also to ensure accountability to citizens as trustees of public records, to reduce risks such as litigation, and to promote efficiency. While the City has a records management program which adheres to best practices, this program has not been consistently implemented across all City departments. Without sound records management practices, the City may not be able to accurately and effectively respond to requests for documentation and could face consequences if records requests are not met.

### Finding 1: The City Clerk has developed a 10-step program for records management, which adheres to industry best practices; however, further improvements can be made.

State law requires that local governments establish, promote, and support an active and continuing program for the efficient and economical management of all local government records. In Austin, the City Code gives the authority and assigns the responsibility of developing, implementing, and administering a Citywide records management program to the City Clerk, as the City's Records Management Officer. Further, the City Clerk is responsible for ensuring compliance with state regulation on records management.

To address this responsibility, the City Clerk has developed the 10-step program, which identifies the steps needed to facilitate the establishment of a departmental records management program, as detailed in Exhibit 1.

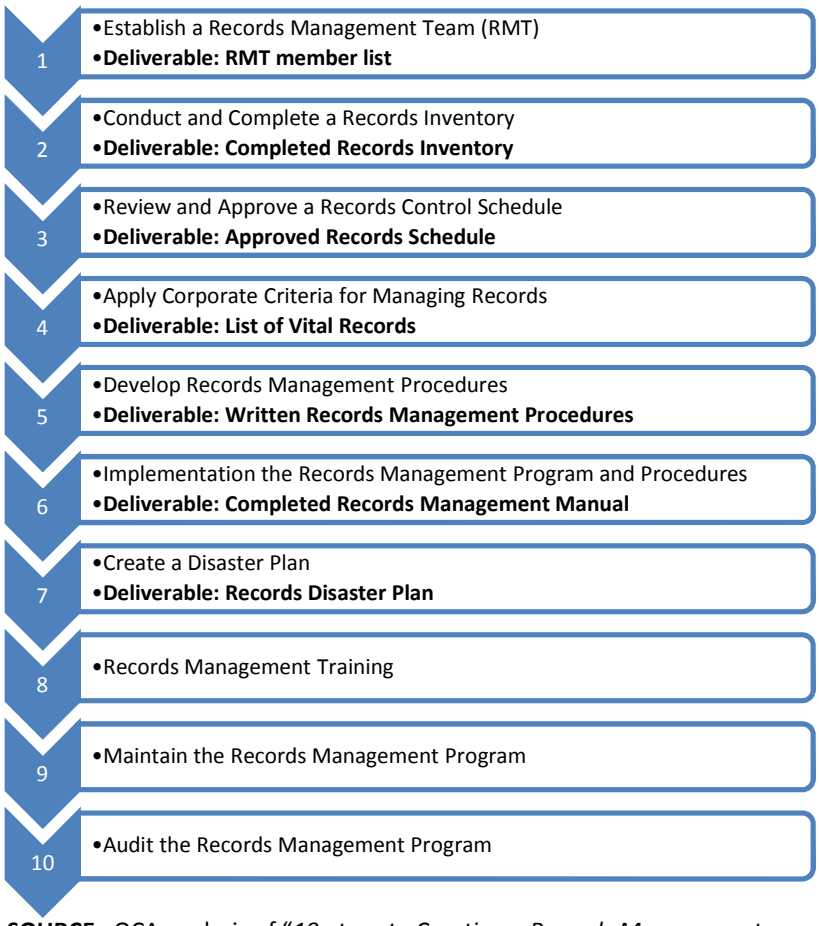
The Association of Records Managers and Administrators (ARMA International, or ARMA) developed eight records management principles, listed in Appendix B, which lay out a framework for establishing and monitoring an effective records management program[1]. The 10-step program developed by the Office of the City Clerk incorporates some of these elements. For instance, the principles of retention and disposition are integrated into the program by requiring City departments to create a customized records control schedule that meets the City's legal and financial requirements, and the business needs of the department. Further, ARMA's principle of transparency requires that all processes and activities pertaining to a records management program are documented and made available to all personnel. The 10-step program demonstrates transparency by directing City departments to develop a records management manual with standard operating procedures that lay out the guidelines and processes that govern a departmental records management program.

Additionally, both ARMA and the U.S. Government Accountability Office (GAO) identify accountability as an essential element of a records management system. According to ARMA, the senior executive must oversee this program by delegating responsibilities, implementing policies and procedures, and ensuring programs meet audit standards. This includes performing audits to prove that the program is accomplishing its goals, while seeking areas for improvement to further protect the organization and its records. ARMA further recommends that these audits should be reported to the organization's board of directors or its audit committee.

[1] The Generally Accepted Recordkeeping Principles, ARMA; refer to Appendix B for full citation.

In the City of Austin, the City Clerk has identified a lack of accountability as a reason for the low-level of compliance. Also, though the 10-step program includes an audit requirement, the City Clerk has yet to fully implement this step as most departments have not completed the preceding steps.

**EXHIBIT 1**
**The City Clerk's 10-steps Records Management Program**




**SOURCE:** OCA analysis of "*10-steps to Creating a Records Management Program*" developed by the City of Austin's Office of the City Clerk, August 2012.

## Finding 2: As the City Clerk has not fully leveraged tools to ensure compliance, the records management program is not consistently implemented by all City departments; without sound records management practices, the City may not be able to accurately and effectively respond to requests for documentation and could face consequences if records requests are not met.

As shown in Exhibit 1, the records management program identifies seven deliverables that departments need to develop in order to demonstrate compliance with the program. When the 10-step program was created in 2007, the goal was to have 100% of the deliverables completed by 2015.

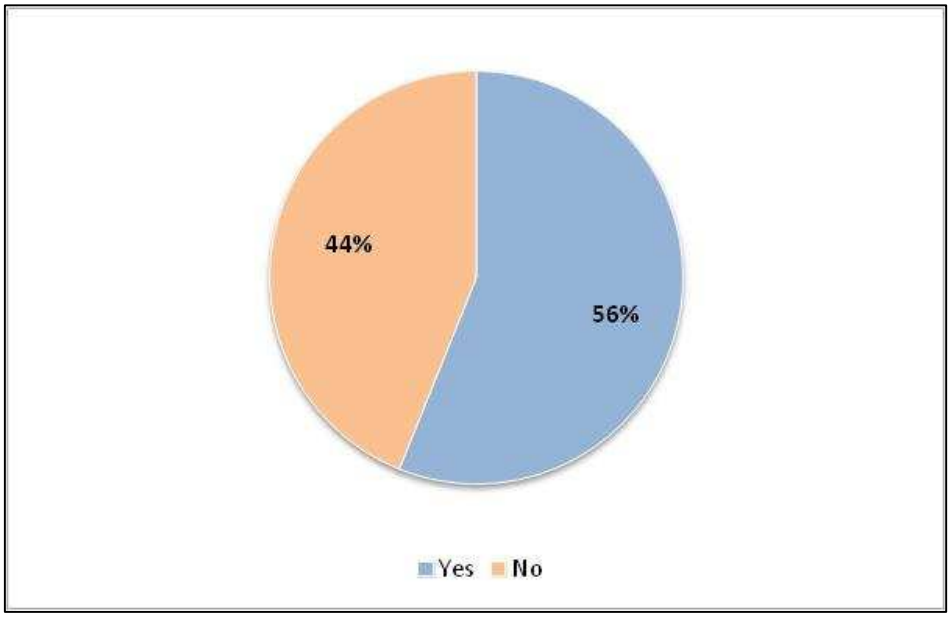
According to the City Clerk's Records Management Annual Report (Annual Report) submitted to the City Manager's Office, at the end of FY 2011 41% of departmental deliverables had been completed. This was an increase from the 34% reported at the end of FY 2010. However, deliverables are not required to be completed sequentially, which makes it difficult to measure the extent of compliance with records management requirements. Further, while the report identifies barriers to achieving compliance with the records management program, it does not lay out a strategy for overcoming the barriers identified.

Another way to assess compliance with records management requirements is to look at records control schedules. Per City Code, each department should work with the City Clerk's Office to develop a records control schedule, which should list all documents created or received by a department and the mandatory retention period for each type of record. Before its adoption, a records control schedule should be approved by the department director and the Records Management Committee, and submitted to Texas State Library and Archives Commission (TSLAC) for comments and approval.

As shown in Exhibit 2, based on the FY 2011 Annual Report, not all City departments or offices have an approved records control schedule. Specifically, as of the end of FY 2011:

- 44% (or 18 of 41) departments/offices did not have an approved records control schedule; and
- 56% (or 23 of 41) departments/offices had an approved records control schedule.

**EXHIBIT 2**
**Summary of Departments/Offices with an Approved Records Control Schedule**




**SOURCE:** OCA Analysis of the City Clerk's Records Management Annual Report for FY 2011, August 2012.

Exhibit 3 includes a list of the departments and offices with and without an approved records control schedule as of the end of FY 2011, and an update to the list provided by the City Clerk's Office in August 2012. Without an approved records control schedule, departments may not be consistently applying retention and destruction requirements.

**EXHIBIT 3**
**Current Status of Approved Records Control Schedule by Department**

| Departments/Offices With Approved Records Schedule | Departments/Offices Without Approved Records Schedule | |
|---|---|---|
| | Records Schedule In Progress | Records Inventory in Progress |
| Aviation | Austin Convention Center | Emergency Medical Services |
| City Auditor | Austin Energy | Parks and Recreation |
| City Clerk | Austin Resource Recovery | Police |
| Code Compliance | Austin Water Utility | Sustainability |
| Communications and PIO | City Manager | |
| Contract Management (complete) | Human Resources | |
| Economic Growth & Redevelopment Svcs | Fire | |
| FASD: Budget | Planning and Development Review | |
| FASD: CTM | Transportation | |
| FASD: Controller's Office and Payroll | | |
| FASD: Purchasing | | |
| FASD: TARA | | |
| FASD: Treasury | | |
| FASD: Building Services (complete) | | |
| FASD: Fleet Services (complete) | | |
| Government Relations | | |
| Health and Human Services | | |
| Law | | |
| Library | | |
| Mayor and Council (complete) | | |
| Municipal Court (Judges and Comm. Court) | | |
| Neighborhood Housing and Comm. Dev. | | |
| Office of Homeland Security & Emergency Management (complete) | | |
| Office of Real Estate Services | | |
| Office of the Police Monitor | | |
| Public Works (complete) | | |
| Small and Minority Business Resources | | |
| Watershed Protection | | |

Based on the City Clerk's Annual Report on the implementation of the records management program as submitted to the City Manager, at the end of FY 2011 a total of 18 of 41 departments or offices (44%) did not have an approved records control schedule.

Based on an update provided by the Office of the City Clerk (shown in blue), as of August 2012 the number of departments or offices without an approved records control schedule is down to 13 of 41 (32%).

**SOURCE:** OCA analysis of City Clerk's Records Management Annual Report for FY 2011 (shown in black), and an update provided by the Office of the City Clerk (shown in blue), August 2012.

While both City Management and the City Clerk are responsible for ensuring effective records management, the City Clerk has not leveraged all tools available to ensure accountability and compliance. For example, though the City Clerk's goal was to achieve full compliance with the 10-step program by 2015, enforcement mechanisms to hold departments accountable for achieving the stated goal have not been developed. Furthermore, though the City Clerk provides the Annual Report on the implementation of the records management program to the City Manager's Office, those results have not been officially presented to City Council, from whom the City Clerk may derive further authority and directions.

Additionally, the City Code establishes a Citywide Records Management Committee to assist the Records Management Officer in the development, implementation, and management of the records management program. This Committee, which is chaired by the City Clerk, has focused primarily on approving departmental control schedules, but has not been leveraged to play the larger role prescribed by the City Code, which includes:

- Reviewing, on a regular basis, the performance of the records management program;
- Reviewing the effectiveness of the City Code chapter on records management; and if the committee determines that modifications are required, requesting that the City Council amend it; and
- Actively supporting and promoting the Citywide records management program.

Also, City Code requires that the Records Management Committee meet at least once a quarter; however, the City Clerk only recently called the Committee's first regular meeting since October 2010.

Without an approved records control schedule, departments may not be consistently applying retention and destruction requirements. Further, without sound records management practices, the City may not be able to comply with the Local Government Code or to respond accurately and effectively to requests for documentation made under the Texas Public Information Act. As such, the City could face consequences if records requests are not met.

## RECOMMENDATIONS

The recommendations listed below are a result of our audit effort and subject to the limitation of our scope of work. We believe that these recommendations provide reasonable approaches to help resolve the issues identified. We also believe that operational management is in a unique position to best understand their operations and may be able to identify more efficient and effective approaches and we encourage them to do so when providing their response to our recommendations. As such, we strongly recommend the following:

1. **The City Clerk should fully leverage the Records Management Committee to actively support and promote Citywide records management, as prescribed by City Code; including seeking changes to the City Code to strengthen the composition of the Committee by including a representative of the City Manager's Office.**

CITY CLERK'S RESPONSE: **Concur.** Refer to Appendix A for response and action plan.

2. **The City Clerk should work with the Records Management Committee to strengthen the records management program by incorporating and implementing accountability tools, such as those identified in the Association of Records Managers and Administrators Principle of Accountability.**

CITY CLERK'S RESPONSE: **Concur.** Refer to Appendix A for response and action plan.

## APPENDIX A

## CITY CLERK RESPONSE

City of Austin

**To:** **Mayor and Council**

**From:** **Shirley A. Gentry, City Clerk** Shirley A Gentry

**Date:** **August 27, 2012**

**RE:** **Response to Citywide Records Management and Retention Audit**

Below is the response to the City Auditor's report on the status of records management within the City of Austin.

Recommendations

1. The City Clerk should fully leverage the Records Management Committee (RMC) to actively support and promote Citywide records management, as prescribed by City Code; including seeking changes to the City Code to strengthen the composition of the Committee by including a representative of the City Manager's Office.

   Response: The City Clerk agrees with this recommendation and will pursue the following Action Steps:
   a) The OCC will train the RMC since some of the members are not professional records managers nor have the responsibility for managing records for their department.
   b) The RMC will identify additional ways they can support and promote the program within their departments and City-wide.
   c) Proposed changes to the City Code will be developed through the RMC, including the addition of a representative from the City Manager's Office and a role for the RMC in establishing records management responsibilities when departments are reorganized.
   d) The RMC will meet as needed to accomplish their goals.

2. The City Clerk should work with the Records Management Committee to strengthen the records management program by incorporating and implementing accountability tools, such as those identified in the Association of Records Managers and Administrators Principle of Accountability.

   Response: The City Clerk agrees with this recommendation and will take the following action steps:
   a) OCC will incorporate Generally Accepted Recordkeeping Principles (GARP) Certification training for OCC's professional staff as time and budget allows.
   b) OCC will explore the feasibility of purchasing the GARP assessment tool available from ARMA International to use as a City-wide assessment tool.
   c) OCC will incorporate GARP assessment into the 10 Step Program.
   d) OCC will develop an incident report to document records management issues in a department, identify corrective actions and deadlines, monitor and track compliance and report non-compliance to the Department Director, Records

*The City of Austin is committed to compliance with the Americans with Disabilities Act. Reasonable modifications and equal access to communications will be provided upon request.*

## APPENDIX A

Management Committee and the CMO. Departments will have 30 days to respond and/or implement corrective actions. A follow-up visit will ensure corrective actions have been implemented.

e) Beginning in 2013, the OCC will be prepared to start auditing departments.

f) The OCC will continue to advocate to larger departments the hiring of a dedicated, professional records manager to lead their department to completion of the 10 Step Program since this model has resulted in major improvements in departments where it has been used.

## APPENDIX A

## ACTION PLAN

**Citywide Record Management and Retention Audit**

| Recommendation | Concurrence and Proposed Strategies for Implementation | Status of Strategies | Proposed Implementation Date |
|---|---|---|---|
| 1. The City Clerk should fully leverage the Records Management Committee (RMC) to actively support and promote Citywide records management, as prescribed by City Code; including seeking changes to the City Code to strengthen the composition of the Committee by including a representative of the City Manager's Office. | The City Clerk concurs with this recommendation.<br><br>Steps to be implemented:<br>1. Training of RMC<br>2. RMC will identify additional ways to support the program.<br>3. Proposed changes to the City Code will be developed by RMC<br>4. RMC will meet as needed to accomplish their goals. | Each recommendation is planned (action has not begun) | An initial meeting with the RMC has been scheduled for September 14, 2012.<br>1. 1st quarter of 2013<br>2. on-going<br>3. 1st quarter of 2013<br>4. on-going |

## APPENDIX A

| Recommendation | Concurrence and Proposed Strategies for Implementation | Status of Strategies | Proposed Implementation Date |
|---|---|---|---|
| 2 . The City Clerk should work with the Records Management Committee to strengthen the records management program by incorporating and implementing accountability tools, such as those identified in the Association of Records Managers and Administrators Principle of Accountability. | The City Clerk concurs with this recommendation.<br><br>Steps to be implemented:<br>1. OCC will incorporate GARP training for OCC RIM staff.<br>2. OCC will explore the feasibility of purchasing the GARP assessment Tool<br>3. OCC will incorporate GARP into the 10-Step Program<br>4. OCC will develop an incident report.<br>5. OCC will begin compliance audits | Status of recommendation<br><br>1. planned<br>2. planned<br>3. underway<br>4. planned<br>5. planned | An initial meeting with the RMC has been scheduled for September 14, 2012.<br>1. Two Staff members will be enrolled by end of FY12; additional staff will be enrolled as budget allows<br>2. Feasibility review will be completed by 12/31/12<br>3. Recommendations will be proposed to RMC by 09/30/13<br>4. Will be implemented starting 12/31/2012<br>5. Will be implemented starting 01/01/13 |

## APPENDIX B

### Association of Records Managers and Administrators (ARMA) Generally Accepted Recordkeeping Principles (GARP®)

- **Principle of Accountability** **(See Excert from GARP® on next page)**
- An organization shall assign a senior executive who will oversee a recordkeeping program and delegate program responsibility to appropriate individuals, adopt policies and procedures to guide personnel, and ensure program auditability.

- **Principle of Integrity**
- A recordkeeping program shall be constructed so the records and information generated or managed by or for the organization have a reasonable and suitable guarantee of authenticity and reliability

- **Principle of Protection**
- A recordkeeping program shall be constructed to ensure a reasonable level of protection to records and information that are private, confidential, priviledged, secret, or essential to business continuity.

- **Principle of Compliance**
- A recordkeeping program shall be constructed to comply with applicable laws and other binding authorities, as well as the organization's policies.

- **Principle of Availability**
- An organization shall maintain records in a manner that ensures timely, efficient, and accurate retrieval of needed information.

- **Principle of Retention**
- An organization shall maintain its records and information for an appropriate time, taking into account legal, regulatory, fiscal, operational, and historical requirements.

- **Principle of Disposition**
- An organization shall provide secure and appropriate disposition of records that are no longer required to be maintained by applicable laws and the organization's policies.

- **Principle of Transparency**
- The processes and activities of an organization's recordkeeping program shall be documented in an understandable manner and be available to all personnel and appropriate interested parties.

**SOURCE:** ARMA International, 2012. ARMA International (www.arma.org) is a not-for-profit professional association and the authority on managing records and information. Formed in 1955, ARMA International is the oldest and largest association for the information management profession with a current international membership of more than 10,000. It provides education, publications, and information on the efficient maintenance, retrieval, and preservation of vital information created in public and private organizations in all sectors of the economy. It also publishes Information Management magazine, and the Generally Accepted Recordkeeping Principles ® (GARP ®). More information about GARP ® can be found at www.arma.org/garp.

## APPENDIX B

### Excerpt from GARP: Principle of Accountability

ARMA INTERNATIONAL
GARP®
GENERALLY ACCEPTED RECORDKEEPING PRINCIPLES®

**Principle of Accountability**
**An organization shall assign a senior executive who will oversee a recordkeeping program and delegate responsibility to appropriate individuals, adopt policies and procedures to guide personnel, and ensure auditability.**

- The senior executive in charge should establish a method to design and implement a structure to support the recordkeeping program.
- Governance structure should be established for program development and implementation.
- Necessary components include an accountable person and a developed program.
- A recordkeeping program should have documented and approved policies and procedures to guide its implementation.
- Auditability enables the program to validate its mission and be updated as appropriate.

A basic premise to sound recordkeeping is that within each organization, someone is designated as responsible for the overall program. This does not have to be a full-time responsibility, but it does need to be formally designated to someone in a senior-level position who has access to other senior executives and can ensure program implementation across the organization. The accountable senior executive will oversee the overall recordkeeping program, although this executive often will assign or designate other personnel to roles and tasks involved in different parts of the recordkeeping program.

A major responsibility for this executive is program development. As an on-going program, recordkeeping requires the program to be monitored for compliance and to identify any areas requiring improvement. The matters identified during the monitoring lead to program improvements, which the senior executive will oversee at the appropriate level.

Governance should be established through the organization, assigning defined roles and responsibilities to different staff so it is clear where responsibilities reside and how the chain of command works to build, implement, and upgrade the recordkeeping program. For example, sub-committees can be designated to help build policies or to define and implement technology.

For staff to know how to implement the recordkeeping program, it is essential to have program policies and procedures that are documented, formally approved, and communicated to personnel. Updates to the policy and procedures should be available to staff, as should recordkeeping training. All of this is designed to further standardize the program across the organization. This standardization enhances staff's efforts to effectively implement the recordkeeping program.

*Auditability* is the process designed to prove the program is accomplishing its goals, while seeking areas for improvement to further protect the organization and its records.

- Staff should be able to demonstrate program awareness.
- Records should be retained for the right amount of time and disposed of when no longer required.
- Policies should be kept up-to-date and cover all records media.
- Auditing should verify the status of complying with these standards.

An organization's recordkeeping audits should be reported to the board of directors (or its audit committee) to show program adherence in accordance with documented policies and procedures, requirements (for retention, privacy, access to records, and access controls, for example), and the organization's goals for its recordkeeping program.

*Approved Feb. 20, 2009* Page 3 of 10 *www.arma.org*