TEXAS DEPARTMENT OF HOUSING AND COMMUNITY AFFAIRS

INTERNAL AUDIT

"REVIEW OF TDHCA's RECORDS RETENTION PROCESS"

AUDIT #15-005

April 1, 2015

Office of Internal Audit
P.O. Box 13941
Austin, Texas 78711-3941

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Texas Department of Housing and Community Affairs

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GOVERNOR

April 1, 2015

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To: The Audit Committee and the Governing Board of the Texas Department of Housing and Community Affairs ("TDHCA" or the "Department").

This report presents the results of the Office of Internal Audit's ("OIA") Review of TDHCA's Records Retention, *Audit 15-005*. This audit was identified in the Fiscal Year 2015 Annual Audit Plan.

AUDIT RESULTS:

The Records Management Coordinator is in the process of updating their policies and procedures including the Standard Operation Procedures (SOP's). The Coordinator is also working with the Information Systems Officer (ISO) and the Deputy General Counsel on reviewing the electronic records and their retention, storage and destruction process.

Current controls in place, in conjunction with the implementation of planned program initiatives, are sufficient to adequately safeguard agency records, and ensure compliance with applicable statutes and regulations.

An internal survey that was sent to each program's identified Records Management Liaison, as part of this review, with the results discussed in section E.

SCOPE AND METHODOLOGY

Our scope of work included interviews with various management staff and the review of pertinent data, such as record-retention schedules, State record laws, and other relevant documentation related to the process for identification, storage, and retrieval of agency records. Internal Auditors also attended one of the training sessions that was provided to the various Records Management Liaisons for each program area.

This report is separated into the following sections:

Background
A. Standard Operation Procedures
B. Records Retention Processes
C. Records Management System Data Base
D. Training
E. Survey
F. Other

Background

Records Management ("RM") is the discipline that identifies and controls records within a business or agency by organizing records and safeguarding them from the risk inherent in inappropriately handled information. The Texas Government Code, Chapter 441, Section 183 mandates that the head of the agency establish and maintain a records-management program on a continuing and active basis. It mandates that all agencies create and maintain records containing adequate and proper documentation of the organization, functions, policies, decisions, procedures, and essential transactions of the agency. Agency records serve to furnish information to protect the financial and legal rights of the state, as well as those of any person affected by the activities of the agency.

RM is a critical part of all organizations, involving everyone at the agency. The main objectives of an RM program are to:

➢ Improve agency efficiency by organizing and retrieving relevant information to support and facilitate operations and activities;
➢ Properly manage the records of the agency by complying with all legal requirements imposed by statutes and regulations;
➢ Protect important legal, financial, historical, and vital records; and
➢ Provide support for the organization's actions and protect against adverse consequences during litigation, government investigations, and audits.

At TDHCA, each program area assigns a staff to be the Records Management Liaison and they assist the Records Management Coordinator with:

➢ Managing the TDHCA's records,
➢ Storing and retrieving active/inactive records,
➢ Notifying the Records Management Coordinator when files are ready for either archiving or destruction of records if required retention schedule has been met, and
➢ Some programs retain their records within their own program area and will keep the Coordinator updated with what files are maintained in their area.

TDHCA promotes the storage of all files to be electronic in order to reduce the cost of paper, ink and also the monthly cost of storage of records at off-site facilities.

A. Standard Operations Procedures

The Records Management program has recently had a change in staff with the retirement of the coordinator for overseeing the program. The new Records Management Coordinator was hired in November 2014 and with her coming on board; she has been reviewing and reassessing the program areas which is included in the Standard Operation Procedures ("SOPs").

The SOPs includes the requirements of Texas Government Code §441.180; Texas State Records Retention Schedule, 13 Texas Administrative Code that addresses electronic records,

Internal Audit was provided the updated SOPs that are currently being reviewed by management.

We have no formal findings or recommendations for this section.

B. Records Retention Process

Records Retention process includes five major processes, these include: 1) Creation of Records, 2) Records Retention Schedules, 3) Identification of Records for Storage, 4) Records Storage and 5) Records Disposal.

1. Creation of Records:
   As defined by the Texas Government Code §441.180 (11), a state record means any written, photographic, machine-readable, or other recorded information created or received by or on behalf of a state agency or an elected state official that documents activities in the conduct of state business or use of public resources.

   These records include emails, texts and any other electronic devices that contain state documents or are used to conduct state business.

2. Records Retention Schedules:
   All state agencies must submit a records retention schedule to Texas State Library and Archives ("TSLAC") for certification. The RM Coordinator, in cooperation with agency staff, creates and maintains the tool known as the Records Retention Schedule ("RRS"). The RRS identifies the following:
   - all records created, received and maintained by the agency;
   - period of time each record is to be maintained and disposed of by the agency;
   - whether the records contain confidential or sensitive information, and :
   - provide other information necessary for the operation of an effective RM program.

   The current TDHCA RRS was recertified November 20, 2013. This recertification provides the agency with continuing authorization to dispose of agency records according to the terms in the schedule. The recertification is conducted on a five year basis; TDHCA will be due for recertification in 2019.

3. Identification of Records for Storage:
   Each agency employee is responsible for determining what information must be retained as an agency record. This decision is based on their individual understanding of the work they perform and the guidance provided by the retention schedule.

   TDHCA's intranet contains the current state retention schedule to which all TDHCA employees have access to utilize for their determination to retention schedules.

4. Records Storage:
   The RM Coordinator maintains several databases and paper documentation of all items that have been archived to their program. Internal Audit was able to review the notebooks that are kept by the RM Coordinator that list the status of all archival documentation. When a file is requested or returned from archives, there is a document trail of the transactions. The RM Coordinator also has one main data base, the Records Management System which will be discussed in a following section. The RM Coordinator also uses excel sheets to track the various activities.

   TDHCA has two off-site locations where the majority of our records are stored. This includes 5,887 boxes and 1,742 microfilms being stored at Texas State Library and Archives, 979 boxes are stored at Iron Mountain.

   Records being stored at these two locations are records with a long life cycle, archival value or permanent retention period. These facilities are contracted vendors from which TDHCA receives invoices for storage space in addition to charges for pick-up and delivery of files. The two storage areas allow the records to have adequate fire prevention, and detection, temperature control, physical security and access control, and efficient retrieval process.

   TDHCA utilizes the basement of our facility to house 154 boxes which are in a fenced secured area. Within this fenced area are records that the RM Coordinator is directly responsible for their security and availability of these records, as the records have transferred the files to RM using the retention schedule.

   There are records that reside within these fenced areas that are considered to be still in the possession of various programs, as the programs have not officially archived them to the Records Management Coordinator and the files are considered active files.

   In addition, there are some program areas that maintain their records within their designated program area. Currently, the RM Coordinator does not have a list of what records are maintained. The RM Coordinator is currently working with the RM Liaisons to get listings of all records that are maintained in their program area.

5. Records Disposal:
   Records that have completed their life cycle and do not have archival value are to be disposed. Before a file can be disposed, the RM Coordinator will ensure that there are not any; archival requirements, litigation, claim, negotiation, audits, open records request, administrative review or other actions involving the record is initiated before the expiration of its retention schedule.

The RM Coordinator will send a list of items that have met the retention period to the program director and the legal division to ensure that the documents are eligible for destruction. Once the documents have been approved for disposal, there are two ways in which they are disposed. If they are paper documents, these documents are placed within the locked gray bins that are stored in the basement of the facility for a third party vendor to pick up and destroy records in a confidential manner.

If the records are electronic, then the records are removed from the TDHCA servers.

All documents that are destroyed are documented within the Records Management System.

Internal Audit recommends that the RM Coordinator continue to work with the RM Liaisons to document what archival files/documentation is being maintained in the programs areas.

We have no formal findings for this section.

C. Records Management System

The Records Management System ("RMS") is a database that the Records Management Coordinator uses to track the location of the archived documentation. The data base is accessible only to the Records Management Coordinator and the associated staff that assist with the job duties. The RMS tracks the various required information which consists of: Source Access Number, Record Series Title, Division, Section, Status, and Proposed/Actual Disposal Dates.

The Source Access Number is assigned to the records when it is archived and the number designation acts as the location of the information either on-site or off site. The Record Series Title is the title of the document that would be used if a search was needed to locate the information, for example, Home Contracts. The division section and the section use a two alpha designation that is predetermined by RM Coordinator. The status and the proposed/actual disposal dates are all based on the records retention schedule.

The RMS is very easy to negotiate and has reports that can be run to assist with the notification to the RM Liaisons or other staff with the retention period and destruction date or the status of documents.

We have no formal findings or recommendations for this section.

D. Training
Records Management Coordinator
The RM Coordinator position does not require a specific certification or training. The new coordinator has been taking classes from the Texas State Library and Archives Commission which has included 23.5 hours of either classroom or web-classes.

Records Management Liaisons
On March 25, 2015 the RM Coordinator held two training sessions with the assigned liaisons from each TDHCA program. Internal Audit had two staff attend the training and each participant received a printed copy 2014 Records Retention Schedule along with copy of the slide presentation.

The TDHCA intranet currently has the electronic copy of the 2014 Records Retention schedule, and the RM Coordinator will be adding the slides from the training to be available to TDHCA staff.

According to the RM Coordinator, the plan is to continue to offer training to the Liaisons; and Internal Audit recommends the continuation of this training opportunity.

We have no formal findings for this section.

E. Survey
To evaluate the effectiveness of the Program, Internal Audit conducted a survey to 22 Records Coordinators Liaisons, with 17 responding to the survey. Internal Audit had one of the liaisons call and they declined to take the survey because they had just found out that they had been appointed and felt that he could not provide any helpful information for the survey. The survey evaluated satisfaction with the guidance given to agency staff regarding records management through training practices, policies and procedures and staff support.

Questions:	Yes	No	Skip
1. Records Management information contained on the TDHCA intranet is useful?	12	3	2
2. I found the process for submitting records for storage to be easy and efficient.	12	3	2
3. I found the process for requesting records from storage to be easy and efficient.	14	1	2
4. If I called, emailed, or made a request for services from Records Management, it was handled in a reasonable and timely manner.	16	0	1
5. I understand the retention schedule for documents for my program area.	14	2	1
6, I have received training on Records Management. (The Yes answer included TDHCA or another State Agency).	10	6	1
7. I plan on attending the upcoming training to be held by Records Management Coordinator that is scheduled for March 25, 2015	15	1	1
8. Overall, I am satisfied with my experience with records management program.	15	0	1
9. Do you have any other comments, questions, or Concerns? • There were four staff that commented about not having any interaction with Records Management			

We have no formal findings or recommendations for this section.

F. Other

The RM Coordinator, the ISO and the Deputy General Counsel are working together to update TDHCA policies and procedures to maintain the Information Privacy Security Laws which includes: records, privacy laws, non-disclosure, employee training, encryption and safekeeping of records just as a few of the examples that this team will be reviewing.

This team will be reviewing policies and procedures for electronic documents and updating and implementing new processes if required. Internal Audit sees the value of continuing this collaboration to improve our agencies processes.

We have no formal findings for this section.

We conducted this performance audit in accordance with applicable auditing standards. We believe that the evidence obtained provides a reasonable basis for our findings and conclusions based on our audit objectives.

We express our appreciation to management and program personnel for their courtesy and cooperation during this review. Please contact me at 512-475-3813 if you have any questions or concerns about the issues or recommendations that are contained in this report.

Sincerely,

Mark Scott, CPA, CIA, CISA, MBA
Director of Internal Audit

[rgk]

cc: Tim Irvine, Executive Director
Cameron Dorsey, Chief of Staff
Gina Esteves, Director of Human Resources
David Cervantes, Chief Financial Officer
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