Records Management

Internal Audit

March 2019
Bernalillo County Internal Audit
Records Management

Executive Summary

SUMMARY OF PROCEDURES
REDW performed an internal audit of the Bernalillo County Records Management processes. Our internal audit focused on assessing the adequacy and reasonableness of the internal controls surrounding tracking and storing of records.

We performed a variety of procedures, including:

- Obtaining an understanding of the County records management procedures through reading policies and procedures, State requirements, and discussions with various personnel;

- Testing a sample of stored records to determine if they were at the locations specified in the system and if the records were properly stored in accordance with State and County requirements;

- Testing a sample of record dispositions to determine if they were processed in accordance with applicable regulations;

- Testing a sample of departments and understanding how they are storing and disposing of their records; and,

- Testing to determine that annual liaison trainings are being performed annually.

SUMMARY OF OBSERVATIONS AND RECOMMENDATIONS
During the course of the audit, we identified areas in which processes and related controls appeared to be functioning properly most notably was the area surrounding the authorization of disposition of records by Records Management.
As a result of our testing, the following medium risk observations were identified:

1) **Record Management for Electronic Messaging** – Electronic messages must be managed pursuant to established record retention and disposition schedules in accordance with 1.21.2 NMAC, Retention and Disposition of Public Records. The current policy was developed and implemented when Records Management was part of the IT Department and prior to the current Records Management administration. The policy should be updated to incorporate the input from the current administration. Additionally, there is evidence of a lack of county-wide awareness and understanding of the policy. Records Management and the IT Department should work together to update the existing policy, as needed, and create a training program for employees.

2) **Record Tracking and Retention** – Records Management tracks and stores County Records. Approximately 1,000 boxes were not on the tracking log. Additionally, there were boxes found that were past the retention schedule, did not have the correct retention period on the box, were not properly labeled, and were not destroyed timely. The items in storage should be inventoried and labels created for all boxes.

3) **Record Training and Department Coordination** – Administrative Instruction RM 10-Management of County Records, requires that the retention and disposal of records be conducted through a controlled processes coordinated by the Records Management Program. It further requires annual training for all records liaisons. We identified departments that are managing their own record process. Records Management should work with the departments to ensure compliance with County and State requirements. Training should be held annually and consider expanding it to include a refresher on all requirements for retention, storage, and destruction of records.

   * * * * *

Further detail of our purpose, objectives, scope, procedures, observations, and recommendations is included in the internal audit report. In that report, management describes the corrective action taken for each observation.

**REDW, LLC**

Albuquerque, New Mexico
July 15, 2019
# Bernalillo County Internal Audit
## Records Management

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Bernalillo County Internal Audit
Records Management
Report

INTRODUCTION

We performed the internal audit services described below solely to assist the Records Management Department at Bernalillo County in evaluating the processes and related internal controls surrounding record retention, storage, and disposal. Our services were conducted in accordance with the Consulting Standards issued by the American Institute of Certified Public Accountants and the terms of our Professional Services Contract agreement for internal audit services. Since our procedures were applied to samples of processes, it is possible that significant issues related to the areas tested may not have been identified.

Although we have included management’s responses in our report, we do not take responsibility for the sufficiency of these responses or the effective implementation of any corrective action.

An entrance conference was held on January 30, 2019, and fieldwork began February 4, 2019. An exit conference was held on March 28, 2019.

PURPOSE AND OBJECTIVES

Our internal audit focused on evaluating internal controls surrounding record retention, tracking, and disposition. We assessed the County’s records management policies and procedures to determine if adequate safeguards were in place to ensure records were processed in accordance with State and County requirements. Lastly, we gained an understanding of how the Records Management Department is working with departments to scan and retain documents prior to the move to the new facilities.

SCOPE AND PROCEDURES PERFORMED

In order to gain an understanding of the processes and operations, we interviewed the following personnel:

- Andres Santiago, Director of Risk Management
- Emmanuel Rodriguez, Records Manager - Risk Management Department
- Susan Montoya, Special Projects Coordinator - Risk Management Department
In order to gain an understanding of the processes we read relevant portions of:

- Bernalillo County Administrative Instruction No. RM10 – Management of County Records effective May 9, 2016.
- Bernalillo County Imaging System Plan dated February 21, 2014.
- Applicable portions of the New Mexico State Statutes Annotated (NMSA) including:
  - NMSA 1978 14-3-18 “County and municipal records; geographic information system; computer database; copy fees.”; and,
  - NMSA 1978 30-26-1 “Tampering with public records”.
- Relevant sections of the New Mexico Administrative Code (NMAC) including:
  - 1.21.2 “Retention and Disposition of Public Records”;
  - 1.21.3 “Local Government Records Management Guidance”;
  - 1.14.2 “Microphotography System, Microphotography Standards”; and,
  - 1.313.1 “Electronic Messaging”.

We performed the following test work:

**Records Storage:** We obtained a listing of all records maintained in the storage warehouse as of December 31, 2018, and selected a sample of 40 boxes from a total population of 839. For each item in the sample we tested:

- The record physically existed in the location indexed;
- The Request to Index form were complete and on file;
- The label placed on the box at the storage warehouse was accurate;
- The NMAC retention schedule assigned to the record was appropriate and reasonable given the nature of the record; and,
- The receipt from the storage vendor was maintained.

Additionally, we gained an understanding of items that have been in storage more than ten years to determine if those items were appropriately maintained.

**Record Tracking:** We selected 40 boxes within the storage warehouse as of February 6, 2019, and verified they were recorded on the storage tracking log and were not past the record retention date unless a reasonable explanation applied.

**Record Disposition:** We obtained a listing of records disposed of between January 1, 2018 and December 31, 2018, and selected a sample of 10 boxes from a total population of 27 boxes. For each item we tested:

- The Request to Index Form was completed and on file;
- Proper approval was obtained from the Department Director and Legal prior to the disposal of the records;
- The Request for Disposition form was approved by the State Records Center Administrator prior to the disposal of the records; and,
- A Certificate of Destruction was obtained from the shredding vendor certifying that the records were appropriately destroyed.
**Departments that maintain their own Records:** We interviewed five department Records Liaisons to gain an understanding of how those departments were maintaining records and coordinating with Records Management for proper tracking, storage, and disposition of records.

**Records Inventory and Imaging:** We obtained a listing of departments that are scheduled to be moving to the new County facility and selected four departments. We inquired with each to determine if Records Management is in communication with the department and coordinating an approach to image their records and dispose of records as applicable.

**Departmental Records Liaison Training:** We requested the sign-in sheets to verify that the 2018 annual training occurred in accordance with the Administrative Instruction No. RM10.

**Observations, Recommendations and Management Responses**

During the course of the audit, we identified areas in which processes and related controls appeared to be functioning properly most notably was the area surrounding the authorization of disposition of records by Records Management.

As a result of our testing, REDW identified the following observations:

1) **Record Management for Electronic Messaging**

Records Management Requirements for Electronic Messaging, NMAC 1.13.4 states the County is responsible for the development and implementation of an electronic message management program. It is also management’s responsibility to provide guidance to employees on the proper retention and legal disposition of electronic messages. The records management program must clearly define the roles and responsibilities of users in creating, receiving, categorizing, retaining and disposing or archiving of electronic messages. The current policy was developed and implemented when Records Management was part of the IT Department and prior to the current Records Management administration. The policy should be updated to incorporate the input from the current administration. Additionally, there is evidence of a lack of county-wide awareness and understanding of the policy. The plan for the updated policy should specifically include stronger communication and training.

**Risk Level – Moderate** – While data is retained by IT there is a risk that employees are not aware of the requirements and their responsibilities for maintenance of electronic messaging.

**Recommendation** – Records Management and the IT Department should work together to update the existing policy, as needed, and create a training program for employees. Upon development, policies should be communicated to all relevant departments and periodic training should be performed to ensure employees are aware of the requirements.

**Management Response:** Records Management (RM) concurs with this finding and recommendation. By close of calendar year 2019, RM will work with Information Technology (IT) to establish a phased approach for implementation of e-mail management in accordance with 1.21.2 NMAC and 1.13.4 NMAC.
2) **Record Tracking and Retention**

Records Management maintains approximately 3,500 boxes of records in the storage warehouse and some of these records date back 50 or more years. In accordance with NMAC 1.21.2 Retention and Disposition of Public Records, the retention schedule and internal policy require the County to maintain key records for a specified number of years and destroy records once past the retention schedule unless specific circumstances apply. During our testing we identified:

- There were approximately 1,000 boxes that are not included on the Records Management tracking log. Without these items being included on the log it is unknown to the department what they contain and what their retention period is.
- Four (4) of 80 boxes did not have the correct retention period listed on the box. If this retention period was followed the boxes will be destroyed too soon.
- Six (6) of 80 boxes did not list a destruction date on the box. Without the date it will be difficult to follow the retention guidelines.
- Seven (7) of 80 boxes were not destroyed timely. These boxes should have been destroyed within the past three years.
- Three (3) boxes did not have a label and were not on the tracking log.

While a process has been implemented for new boxes added to storage, there does not appear to be a process in place to ensure that prior boxes are updated in the tracking log, as there is no way to pull a listing of what boxes could potentially be destroyed or what is in inventory.

**Risk Level – Moderate** – Documents may be retained past the retention period which could create a legal liability for the County.

**Recommendation** – The items in storage should be inventoried by Records Management and labels created for all boxes. Consider organizing the warehouse by destruction period and department to allow for quick identification of boxes that can be destroyed.

**Management Response:** Records Management (RM) concurs with this finding and recommendation. Having recently been approved for additional staffing, RM will work to address and resolve issues. RM will begin the inventory process for the warehouse beginning May 2019. Estimated completion date is September 30, 2019. The County’s current storage vendor maintains the placement and organization of all stored items. The County/Record’s Management Section will work with the storage vendor to incorporate storage recommendations that will create a more efficient way of tracking records.

3) **Record Training and Department Coordination**

Administrative Instruction (AI) No. RM10 – Management of County Records, requires an annual training for all department liaisons on the record retention process. The AI additionally requires that the retention and disposal of records be conducted through a controlled process coordinated by the Records Management Program. Training for records liaisons has not been conducted since October 2017. Additionally, some County departments do not appear to be utilizing the Records Management Department to assist with the retention, storage, and disposal of their documents. These departments appear to be keeping their records stored at their department or other various areas within the County. If these departments have a need to destroy the documents, they are requesting permission directly from the State and coordinating the destruction on their own, and therefore bypassing the Records Department entirely.
Risk Level – Moderate – Without training from and communication with Records Management, County departments may not be aware of the State Statute requirements related to records and retention.

Recommendation – Records Management should ensure training is conducted annually with records liaisons. Since the County is preparing to move to a new building, it would be helpful to communicate what will be needed from the departments in preparation for the move. Additionally, the training should include a refresher on all requirements for retention, storage and destruction to ensure departments are aware and able to communicate those requirements back to their departments. If departments are going to manage their own record process, Records Management should ensure it is being done in compliance with County and State requirements. Consider conducting a training with Department Directors so they are aware of the process.

Management Response: Records Management concurs with this finding and recommendation. Efforts are currently underway with departments regarding a standardized approach to record retention, storage, and destruction. In addition, specialized training will be provided to all departments following completion of a department specific file plan.

A Countywide project/training timeline which is aligned with the estimated completion date of the Bernalillo County Government Center will be created and distributed to all departments by June 30, 2019. All departmental training should be completed by October 2020.

PROCESS IMPROVEMENT OPPORTUNITIES

1) Records Progress Report

Records Management has created a record progress report to map out the departments and steps that are to be completed in preparing departments for digitizing records. Based on this report, it appears that progress has not been made as was intended as there are several estimated completion dates in February and March of 2019 that have not been met. We recommend an overall timeline be established for the digitizing of departmental records and communicated at a Deputy County Manager (DCM) meeting including the purpose and benefits of this process. After the overall timeline has been established and broken down by department, the progress should be communicated back to the DCM’s on a regular basis.

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This report is intended for the information and use of Bernalillo County management, the audit committee, members of the board of commissioners of Bernalillo County and others within the organization. However, this report is a matter of public record, and once accepted its distribution is not limited.

Albuquerque, New Mexico
July 15, 2019