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State Auditor

An Audit Report on

Records Center Services at the Library and Archives Commission

July 2010

Report No. 10-032



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Overall Conclusion

The Library and Archives Commission (Commission) has adequate controls and processes to help ensure that sensitive and confidential state records stored through its Records Center are protected. In addition, the Commission's billing processes adequately ensure that the Commission accurately charges agencies for the services provided in accordance with the published fee schedule.

However, the Commission did not have cost-recovery schedules that supported the fees its Records Center charged for providing storage services to agencies for fiscal years 2009 and 2010. In addition, the Commission should develop performance targets to assess whether state records are destroyed in a timely manner, and it should improve how it manages its inventory of state records by tracking all records in its automated system.

Texas Government Code, Section 441.017, requires the Commission to recover all direct and indirect costs for providing records storage services to state agencies and local governments. A comparison of storage fees charged by similar facilities in other states and private vendors indicates that the Commission's storage fees are among the lowest (see Appendix 2).

The Commission has adequate controls and processes in place to help ensure that sensitive and confidential information in state records stored in the Records Center is protected until the records are destroyed. The Commission also has policies and procedures regarding its records destruction process; however, it has not developed performance targets that it could use to assess whether state records scheduled for destruction are destroyed in a timely manner. In addition, the Commission has not implemented adequate controls over access and data entry for the database used to track and maintain the status of records scheduled to be destroyed. Auditors identified multiple instances of inaccurate and incomplete destruction information within that database.

Background Information

The Library and Archives Commission's (Commission) State and Local Records Management Division's Records Center Services (Records Center) provides state agencies and local governments in the Austin area with storage of non-current, infrequently used state records in hard-copy, electronic, and microfilm formats. The Records Center also offers disaster recovery services, which include the storage of backup computer media and the rotation of computer media on an individual schedule per agency.

According to the Records Center, it has a 388,096-cubic-foot capacity for hard-copy records storage. In fiscal year 2009, more than 80 agencies stored 343,228 cubic feet of hard-copy records.

The Commission has an estimated total of 177 full-time employees and was appropriated approximately \$32.7 million in state and federal funds for fiscal year 2009. Of this amount, about \$2.1 million was used to manage state and local records.

This audit was conducted in accordance with Texas Government Code, Section 321.0132.

For more information regarding this report, please contact Sandra Vice, Assistant State Auditor, or John Keel, State Auditor, at (512) 936-9500.

In addition, the Commission's processes allow it to accurately track its inventory of most state records. However, 21.9 percent of the Commission's inventory is tracked using a manual system. Until all records are tracked in the Commission's automated tracking system, the Commission is unable to generate an accurate and complete inventory report. The Commission should also strengthen its tracking of its disaster recovery records inventory.

According to the Commission, its total capacity for hard-copy record storage is 388,096 cubic feet. As of December 31, 2009, the Records Center was storing 343,228 cubic feet of hard-copy records. Although the Commission encourages agencies to store records electronically, it should seek opportunities to provide electronic storage services. Electronic storage would allow the Commission to store more records in its current space and may make the records easier to retrieve.

Key Points

The Commission did not have cost-recovery schedules to support the fees it charges to provide storage services at its Records Center.

The Commission lacked approved cost-recovery schedules to support its approved fee schedules for records storage services for fiscal years 2009 and 2010. Texas Government Code, Section 441.017, requires the Commission to recover all direct and indirect costs for providing records storage services to state agencies and local governments. However, the Commission's billing processes adequately ensured that it accurately charged for providing storage services at its Records Center in accordance with the published fee schedules. Between September 1, 2005, and August 31, 2009, the Commission billed agencies and other government entities approximately \$4.9 million for storage services.

The Commission adequately protects sensitive and confidential information; however, it should develop performance targets to assess whether state records are destroyed in a timely manner.

The Commission's Records Center storage warehouse has appropriate security controls and policies related to criminal background checks of employees. However, the Commission lacks oversight of the records destruction process once the records have been sent to its destruction services contractor.

Additionally, the Commission has not developed criteria or performance targets that it could use to determine whether Records Center employees complete record destruction requests in a timely manner. Although the Commission uses an internal database to track the status of agency destruction requests, the Commission's management does not use that database to monitor the length of time that the Records Center takes to process the requests or for the records to be destroyed. Auditors identified unreliable records destruction data in the Commission's destruction database.

The Commission accurately tracks its inventory of state records; however, it should increase its use of its automated tracking system.

The Commission uses both an automated system (OmniRim) and a manual system to track the Records Center's inventory of state records. Of its total inventory, 78.1 percent is tracked in OmniRim. The remaining 21.9 percent of the Commission's inventory is tracked in hard-copy files. The Commission's processes and controls allow it to accurately track its inventory of most state records. However, because the Commission does not fully utilize its automated tracking system, it is unable to generate accurate and complete inventory reports. In addition, auditors identified weaknesses in the Commission's tracking of agencies' disaster recovery records. Delays in locating the disaster recovery records may adversely affect an agency's ability to recover critical information in the event of a disaster.

Summary of Management's Response

The Commission concurs with the findings and recommendations in this report. The management responses to the specific recommendations in this report are presented immediately following each set of recommendations in the Detailed Results section of this report.

Summary of Information Technology Review

Auditors reviewed and assessed the controls over the information technology systems that the Commission uses to track and manage its inventory of government records in its Records Center. Auditors evaluated general information technology controls, such as access and security controls, and identified weaknesses in the access granted to the Commission's inventory tracking system and records destruction database. Additionally, auditors identified data reliability issues related to the Commission's records destruction database.

Summary of Objectives, Scope, and Methodology

The objectives of this audit were to determine whether the Commission:

- Has processes, including management information systems, that allow accurate and efficient tracking of the inventory of state records stored under Records Center contracts; prevent access by unauthorized persons; and protect records in the normal course of business and in the event of an emergency or disaster, in accordance with applicable laws and regulations.
- Has processes to ensure that state records scheduled for destruction are destroyed in a timely manner that ensures protection of all sensitive and confidential information in accordance with applicable laws and regulations.

- Provides records storage services on a cost-recovery basis in accordance with state law and agency rules, policies, and procedures.

The scope of this audit covered a review of the Commission's processes, documentation, and financial information related to its Records Center and the automated systems and processes that supported this area from September 1, 2008, through March 28, 2010.

The audit methodology included reviewing the Commission's internal controls and processes related to inventory tracking, destruction, and billing of agency records stored in the Records Center.

Auditors also identified other less significant issues that were communicated separately in writing to the Commission.

The State Auditor's Office stores records at the Commission's Records Center. However, the information in this report was subject to certain quality control procedures to ensure independence, objectivity, and accuracy.

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Detailed Results

Chapter 1

While the Commission Bills Its Clients in Accordance With Its Published Fee Schedule, It Did Not Have Cost-recovery Schedules to Support the Fees It Charged to Provide Records Center Services

The Library and Archives Commission (Commission) lacked approved cost-recovery schedules that supported its approved 2009 and 2010 fee schedules for the records storage services that its State and Local Records Management Division’s Records Center Services (Records Center) provided to state agencies and local governments. However, the Commission’s billing processes adequately ensure that it accurately charges agencies for providing records storage services in accordance with the published fee schedules. Between September 1, 2005, and August 31, 2009, the Commission billed agencies approximately \$4.9 million for storage services (see Table 1).

Table 1

Records Center’s Total Storage and Billed Amounts for Fiscal Years 2005 through 2009		
Fiscal Year	Total Storage for Which the Records Center Billed (Cubic Feet) ^a	Total Billed Amount
2005	8,035,412	\$ 974,284
2006	8,172,687	1,009,978
2007	8,082,638	994,096
2008	7,915,341	987,890
2009	7,339,878	932,840
Totals	39,545,956	\$ 4,899,088

^a The amounts in this column are not a reflection of the Records Center’s capacity, but are a cumulative sum of the square footage for which the Records Center billed each month during each fiscal year.

Source: Unaudited information provided by the Commission.

Cost-recovery Schedule Requirement

Texas Government Code, Section 441.017, requires the Commission to establish and update a cost-recovery schedule that shows the total costs, including indirect costs, to the Commission of providing records storage services to state agencies and local governments.

Texas Government Code, Section 441.017, requires the Commission to establish and regularly update its cost-recovery schedule (see text box). However, the Commission did not have cost-recovery schedules that supported its approved fee schedules for fiscal years 2009 and 2010. During audit fieldwork, the Commission developed a preliminary “draft” cost-recovery schedule to support its fiscal year 2010 fee schedule. Until the Commission has reviewed this cost-recovery schedule to ensure that it includes all appropriate costs and that all expenses are accurate, it cannot determine whether it is recovering all direct and indirect costs the

Commission incurs for providing records storage services. In addition, the Commission's fees for its Records Center have remained substantially unchanged for approximately 10 years. Without a regularly updated cost-recovery schedule, the Commission cannot provide assurance that it is recovering all costs as required by statute. In April 2010, after auditors completed fieldwork, Commission management stated that they had hired a cost accountant to assist in the development of a cost-recovery schedule for fiscal year 2011. As of April 2010, the Commission had not reviewed or approved a cost-recovery schedule for fiscal year 2010.

The Commission accurately charged agencies for storage of records.

The Commission's governing board approves an annual fee schedule that Commission employees use to determine billing amounts for the use of the Records Center. For December 2009, the Records Center was providing storage and other services for a total of 639,031 cubic feet of records for state agencies and other local government entities—638,230 cubic feet of hard-copy, microfilm and disaster recovery storage (see Table 2) and 801 cubic feet of disaster recovery rotation services. Of the total records stored at the Records Center, hard-copy and microfilm record storage represented approximately 53.8 percent and 46.1 percent, respectively.

Table 2

Records Center Storage and Other Services For the Month of December 2009				
Type of Service	Cubic Feet of Records ^a	Fee Charged ^b	Total Monthly Storage Fees Charged for the Month of December 2009	Percent of Total Records ^c
Hard-copy Storage	343,228	\$0.1875 per cubic foot	\$64,355	53.8%
Microfilm Storage	294,040	\$0.0425 per cubic foot	12,497	46.1%
Disaster Recovery Records Storage	962	\$1.54 per cubic foot	1,481	0.2%
Totals	638,230		\$78,333	100.0%
^a Although the Commission charges agencies for 1 cubic foot of storage per box, the Commission's storage shelves provide 1.2 cubic feet of space for each box stored. ^b Based on the approved fee schedules for fiscal year 2009 and fiscal year 2010. ^c Column does not sum precisely due to rounding.				

Source: The Commission's fiscal year 2009 and 2010 revenue invoicing databases.

For the month of December 2009, the Commission billed agencies \$80,239 (\$78,333 for records storage described in Table 2 above and \$1,906 for disaster recovery rotation services discussed on the next page), and 95.8 percent of that amount was for storage of hard-copy and microfilm records.

Auditors selected a sample of 16 invoices for hard-copy and microfilm records storage services from September 1, 2008, through January 31, 2010, totaling \$9,040.63. Of those invoices, 15 (93.8 percent) were accurately billed in accordance with the Commission's approved fee schedules. One invoice overbilled an agency for a specific storage container that occupies half the space of a standard 1-cubic-foot container, which resulted in an overcharge of approximately \$99, or 1.4 percent of the agency's total billed amount for September 2009.

Agencies that required access to routinely remove and replace their disaster recovery records paid \$1,906 in total costs for these services for the month of December 2009. The fee charged for disaster recovery rotation is \$2.38 per cubic foot. The Commission lacked adequate supporting documentation for 15 (21.7 percent) of 69 cubic feet of disaster recovery rotation fees that auditors tested. The Commission should maintain all supporting documentation to help it verify that billing amounts for disaster recovery rotations are correct.

Recommendations

The Commission should:

- Develop and annually review a cost-recovery model, as required by Texas Government Code, Section 441.017.
- Annually propose a fee schedule to the Commission's governing board that is sufficient to recover all direct and indirect costs of providing records storage services.
- Maintain support for agencies' billing charges related to disaster recovery rotations.

Management's Response

The Commission should develop and annually review a cost-recovery model, as required by Texas Government Code, Section 441.017.

Management concurs. The agency has already begun developing and documenting a cost recovery schedule. The agency has requested and received professional assistance from our contracted internal audit firm regarding the principles and practices that should be used in developing such a schedule.

The staff responsible for the preparation of this cost recovery schedule will be the Director of the State and Local Records Management Division and the

Office Services Team Leader of the division, with review by the agency Chief Financial Officer and executive management.

We will complete this initial cost recovery schedule by December 31, 2010. This will enable us to conduct further research, and have all expenses and revenue for FY2010 finalized.

The Commission should annually propose a fee schedule to the Commission's governing board that is sufficient to recover all direct and indirect costs of providing records storage services.

Management concurs. The agency already obtains the formal approval of our commission annually for the storage services fee schedules.

The proposed fee schedule for FY2012 will be presented to the commission in June 2011, accompanied by the cost recovery schedule.

The staff responsible for this will be the Director of the State and Local Records Management Division and the Office Services Team Leader of the division, with review by the agency Chief Financial Officer and executive management.

The Commission should maintain support for agencies' billing charges related to disaster recovery rotations.

Management concurs. The agency's documentation for billing charges for disaster recovery rotations is contained in spreadsheets, which are generated in OmniRIM monthly. The billing spreadsheet's accuracy is verified by the process in 3.1 on page 13, which is also done monthly. In order to better support this process, we will provide adequate supporting documentation to verify that billing amounts for disaster recovery rotations are correct by the beginning of FY2011. Documentation will be the actual 109 transmittal service form for disaster recovery. That will be verified by a monthly report that we will generate from OmniRIM showing daily scan activity.

The staff responsible for this will be the Director of the State and Local Records Management Division and the Office Services Team Leader of the division. The agency may assign responsibility to additional personnel as necessary.

The Commission Adequately Protects Sensitive and Confidential Information; However, It Should Develop Performance Targets to Assess Whether State Records Are Destroyed in a Timely Manner

The Commission has adequate policies and procedures to protect sensitive and confidential information in accordance with applicable laws and regulations. However, it should develop performance targets to help it assess whether records destruction requests are processed and state records scheduled for destruction are destroyed in a timely manner.

Chapter 2-A

The Records Center Has Adequate Controls and Processes to Protect Sensitive and Confidential Information; However, It Does Not Verify Whether Its Contractor Adequately Secures or Actually Destroys the Records

The Commission's Records Center storage warehouse has appropriate security controls, such as requiring everyone to complete a sign-in sheet to enter the facility and having controlled entry points into the warehouse. In addition, the Commission has policies in place to help ensure that required criminal background checks are performed on Records Center employees before they are allowed to handle sensitive and confidential information.

In addition, auditors conducted a survey of 33 state agencies that use the Records Center's storage services. Twenty-nine (87.9 percent) of the agencies responded that they were either "very satisfied" or "satisfied" with the level of security for records stored in the Records Center. Auditors did not determine the agencies' knowledge of the Records Center's security measures. Two agencies offered "no opinion" about this topic, one agency was "neutral," and the remaining agency was "very dissatisfied" (see Appendix 3 for additional information about the survey results).

The Commission does not destroy the records, and it does not have a process to verify that the destruction services contractor and its subcontractors comply with the contract terms. For example, the Commission does not verify that the destruction services contractor uses only the type of shredder specified in the contract to destroy the records.

The Commission Should Develop Performance Targets to Assess Whether Record Destruction Requests Are Completed in a Timely Manner

Records Destruction Requests

The Commission's process for destroying records stored at the Records Center contains several steps:

1. An agency submits a records destruction request.
2. The Commission verifies that the records requested for destruction have no further retention or archival requirements.
3. The Commission approves or rejects the request.
4. If the request is approved, the Commission's contractor retrieves the records from the Commission and destroys the records.

After an agency submits a request to have records destroyed, the Records Center must complete several steps before it can approve the request and pull the records from the storage facility for destruction (see text box). The destruction requests, which usually refer to "cubic feet of stored records," can vary in size and complexity. However, the Commission has not developed criteria or performance targets that it could use to determine whether Records Center employees complete record destruction requests in a timely manner.

Although the Commission uses an internal database to track the status of agency destruction requests, the Commission's management does not use that database to monitor the length of time that the Records Center takes to process the requests or for the records to be destroyed. In addition, the Commission's destruction services contractor does not track the dates on which it destroys the records. If the contractor does not track when it or its subcontractors destroy the records, the Commission cannot enter accurate dates into its database.

Auditors identified unreliable records destruction data in the Commission's destruction database (see page 8 for more information about the database errors). Although auditors conducted analyses using the destruction data, it should be noted that the errors identified limit the usefulness of these analyses. Auditors reviewed destruction requests that the Records Center received from September 1, 2008, through January 31, 2010, for a total of 95,389 cubic feet of records.¹ Based on information in the Commission's destruction database:

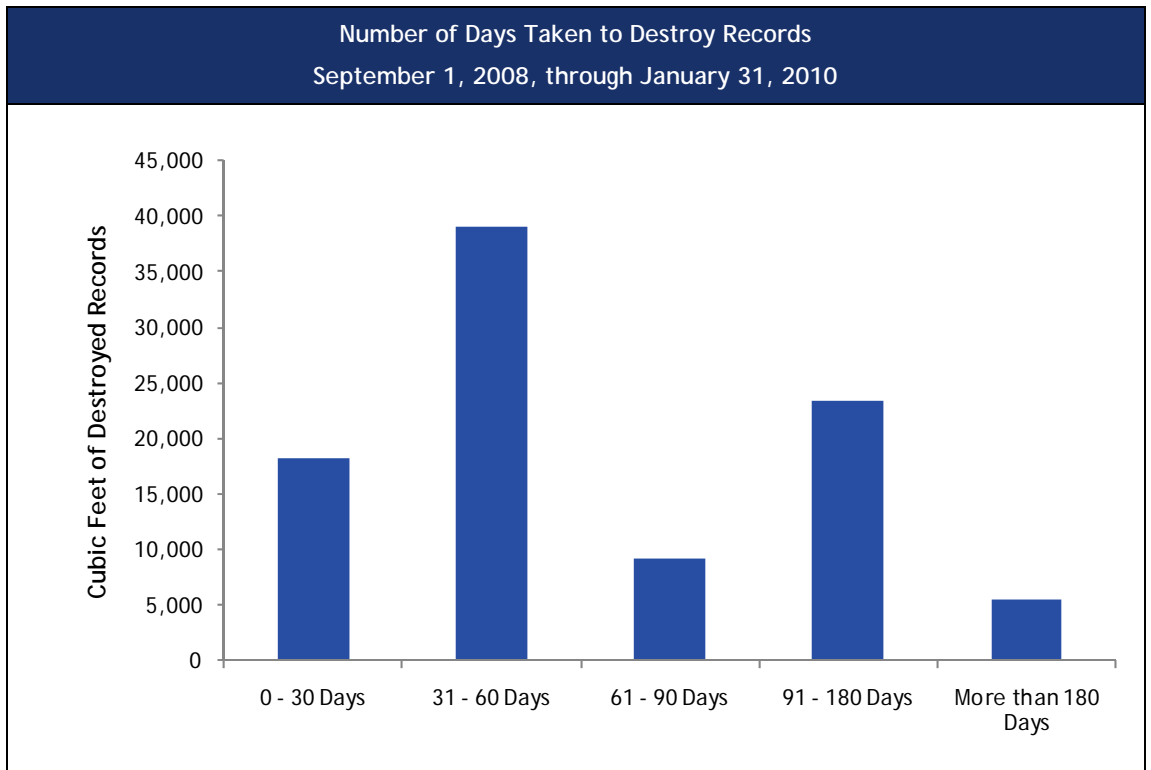
- 57,283 cubic feet (60.1 percent²) of those records were destroyed within 60 days of the request³ (see Figure 1 on the next page).
- 32,616 cubic feet (34.2 percent) of the records were destroyed between 61 and 180 days after the request.
- 5,490 cubic feet (5.8 percent) of those records were destroyed more than 180 days after the request.

¹ Agencies submitted a total of 125 destruction requests for the 95,389 cubic feet of records.

² Percentages do not sum exactly to 100.0 percent due to rounding.

³ A majority of the Commission's hard-copy storage containers are the equivalent of 1 cubic foot of storage space. Although the Commission charges agencies for 1 cubic foot of storage per box, the Commission's storage shelves provide 1.2 cubic feet of space for each box stored.

Figure 1



Source: The Commission's records destruction database (FileMaker Pro). Although auditors conducted analyses using the destruction data, it should be noted that the errors identified limit the usefulness of these analyses.

Because the records destruction requests can vary in size and scope, the usefulness of assessing the timeliness of the records destruction process in the aggregate is limited. Therefore, it is important for the Commission to develop appropriate performance targets that take into account the differing levels. For example, requests involving a large number of cubic feet of records may have a longer target for destruction completion than requests involving a fewer number of cubic feet of records.

The database that the Commission uses to track the status of records destruction requests lacks adequate access and data entry controls. The Commission has not implemented password requirements that comply with the security standards requirements for state agencies in Title 1, Texas Administrative Code, Section 202.25, for its FileMaker Pro database, which the Commission uses to track records destruction requests. The database uses shared passwords that allow multiple users to access and change information in that database. This creates the risk that persons making inappropriate or unauthorized changes to database information may not be held accountable for their actions.

In addition, the Commission should implement additional controls to ensure the accuracy of the data entered into the destruction database. For example, implementing supervisory reviews could help ensure that the information entered is correct and complete. Auditors found multiple instances of inaccurate and incomplete information within the database. Specifically:

- 1 (14.3 percent) of 7 completed destruction requests tested listed the wrong number of destroyed containers.
- 3 (2.1 percent) of 143 transactions tested contained data entry errors.
- 14 (9.8 percent) of 143 transactions tested did not contain complete dates.

Recommendations

The Commission should:

- Establish performance targets and use them to assess whether it processes record destruction requests and destroys state records in a timely manner. It should also periodically monitor its compliance with the targets.
- Conduct periodic reviews of its destruction services contract to verify contract compliance.
- Implement password controls or other compensating controls within its record destruction database that comply with the security standards requirements in Title 1, Texas Administrative Code, Section 202.25.
- Develop and implement a supervisory review process of the destruction database to help ensure the accuracy and completeness of the information entered.

Management's Response

The Commission should establish performance targets and use them to assess whether it processes record destruction requests and destroys state records in a timely manner. It should also periodically monitor its compliance with the targets.

Management concurs. The agency will develop criteria or performance targets that can be used to determine that Records Center employees complete record destruction requests in an accurate, complete and timely manner. For example, targets can be developed by volume of order:

1 cu ft – 250 cu ft – target 15 business days

251 cu ft - 500 cu ft – target 16 business days

501 cu ft – 1000 cu ft – target 17 business days

1001 cu ft – 1500 cu ft – target 18 business days

Normal destruction volume is estimated at 1,000 cu ft per month as of FY2010 staffing levels. Agencies may submit a maximum of 500 cubic feet of destructions per month. Larger destructions may have to be broken into units of smaller size in order to complete destructions in a timely manner. We will finalize these targets and implement this process by the beginning of FY2011.

The staff responsible for this will be the Director of the State and Local Records Management Division and the Records Center Services Manager of the division. The agency may assign responsibility to additional personnel as necessary.

The Commission should conduct periodic reviews of its destruction services contract to verify contract compliance.

Management concurs. Assigned SLRM staff will review the contract requirements and establish a contract monitoring plan, timeline, and report to verify contractor's compliance with the contract and provide this information to the Director each quarter. We will conduct a preliminary review by the end of FY2010.

The staff responsible for this will be the Director of the State and Local Records Management Division and the Program Planning and Research Specialist of the division. The agency may assign responsibility to additional personnel as necessary.

The Commission should implement password controls or other compensating controls within its record destruction database that comply with the security standards requirements in Title 1, Texas Administrative Code, Section 202.25.

Management concurs. As of June 10, 2010, different passwords have been assigned for the employees who work in this database. The agency is now compliant with the above referenced statute. In keeping with agency policies, these will be complex passwords using appropriate criteria, which can only be changed by the Data Center Support Specialist. We will continue to implement password controls or other compensating controls to comply with security standards as needed on a regular basis.

The staff responsible for this will be the Director of the State and Local Records Management Division and the Data Center Support Specialist of the division. The procedure will be added to the Data Center Support Specialist's

manual, and included in training procedures for new hires as needed. Once a year, the agency IRM will review on-site to comply with security standards. The agency may assign responsibility to additional personnel as necessary.

The Commission should develop and implement a supervisory review process of the destruction database to help ensure the accuracy and completeness of the information entered.

Management concurs. Each month, the Records Center Services Manager and Data Center Support Specialist will reconcile all destructions processed during the period against the destruction database and the destruction packets for the previous month. We will implement these supervisory reviews to ensure the accuracy and completeness of the information entered into the destruction database by the beginning of FY2011.

The staff responsible for this will be the Director of the State and Local Records Management Division, Records Center Services Manager, and Data Center Support Specialist of the division. The agency may assign responsibility to additional personnel as necessary.

The Commission Accurately Tracks Its Inventory of State Records; However, It Should Increase Its Use of Its Automated Tracking System

The Commission's processes and controls allow it to accurately track its inventory of most state records. However, the Commission does not accurately track its inventory of disaster recovery records. In addition, it is not able to generate a complete and accurate listing of all items stored in the Records Center warehouse because the Commission does not fully utilize its automated tracking system.

The Commission's processes accurately track its inventory of hard-copy and microfilm records; however, the Commission does not accurately track its inventory of disaster recovery records.

The Commission uses both an automated system (OmniRim) and a manual system to track the Records Center's inventory of state records. Of its total inventory, 78.1 percent is tracked in OmniRim. The remaining 21.9 percent of the Commission's inventory is tracked in hard-copy files of agencies' requests to store, transfer, and dispose of records.

OmniRim. From September 1, 2008, through January 31, 2010, the Commission tracked approximately 498,000 total cubic feet⁴ of records in OmniRim. All inventory data that auditors reviewed in OmniRim contained substantially complete information. Auditors tested 149 individual hard-copy, microfilm, and disaster recovery records and 6 disaster recovery rotation invoices. Of the 149 individual records tested, auditors were able to physically locate 143 (95.9 percent) records. While auditors identified only 1 error (less than 1.0 percent) related to the 104 hard-copy and microfilm records tested, auditors identified errors in the tracking information for 5 (11.1 percent) of the 45 disaster recovery records tested. In addition, agencies may pay additional fees for the total cubic feet of disaster recovery records removed and/or resubmitted (called a "rotation"). The 6 disaster recovery rotation invoices tested totaled 69 cubic feet of records. None of these 6 invoices had complete documentation that supported the total cubic feet of rotations listed on each invoice. It is important that the Commission accurately track the location of agencies' disaster recovery records. Delays in locating the disaster recovery records may adversely affect an agency's ability to recover critical information in the event of a disaster.

Hard-copy system. Of the approximately 140,000 cubic feet of records tracked through the Commission's non-automated system, auditors selected 54 individual hard-copy and microfilm records and were able to physically locate

⁴ A majority of the Commission's hard-copy storage containers are the equivalent of 1 cubic foot of storage space. Although the Commission charges agencies for 1 cubic foot of storage per box, the Commission's storage shelves provide 1.2 cubic feet of space for each box stored.

49 (90.7 percent) of the records. Commission documentation indicates that the remaining 9.3 percent of the records were either checked out to their respective state agencies or were destroyed and not accurately tracked in the Commission's hard-copy system. The Commission's total capacity for hard-copy record storage is 388,096 cubic feet. As of December 31, 2009, the Records Center stored a total of 343,228 cubic feet of hard-copy records. As the Commission's Record Center nears its capacity for hard-copy record storage, the Commission should seek opportunities to provide electronic storage services. Increasing electronic storage would allow the Commission to store more records in its current space and may make the records easier to retrieve.

The Commission's ability to generate accurate and complete inventory reports is limited.

The Commission cannot generate a complete and accurate listing of all items stored in the Records Center warehouse. As discussed above, the Commission tracks approximately 140,000 cubic feet of records, or 21.9 percent of its total inventory, in hard-copy files outside of OmniRim. In some cases, information in the hard-copy files is not categorized or detailed. Therefore, to create a complete inventory listing, Records Center staff would have to manually review these files.

Auditors also identified unused reporting functions within OmniRim that could help the Commission more effectively track the Records Center's inventory. These reporting functions could enable the Commission to generate reports such as standard inventory listings by agency or billing reports. However, these reports will not provide useful information until the tracking information for all records is transferred into OmniRim. Although the Commission has begun a process to transfer its hard-copy records to OmniRim, it has not developed an action plan for the completion of this process.

Currently, at each monthly billing cycle and for other routine reports, Records Center staff must use a time-intensive process to merge the inventory information in OmniRim with the information in the hard-copy tracking process.

The Commission lacks policies and procedures for ensuring that users have appropriate access to OmniRim.

The Commission does not have policies and procedures for determining and granting users the appropriate access to OmniRim. Eight (66.7 percent) of the 12 users who have access to OmniRim had an inappropriate level of access. For example, Records Management Division employees who are responsible for processing the storage of containers have the authority to administer OmniRim security and alter the assignment of unique tracking numbers within OmniRim, which may allow users to potentially circumvent the system's

security controls. Although auditors did not identify any inappropriate use of OmniRim, the Commission can reduce the risk of inappropriate modifications to OmniRim by ensuring that each user's access is appropriate for the job responsibilities assigned.

Recommendations

The Commission should:

- Ensure that it accurately tracks disaster recovery records and maintains support for the disaster recovery rotations that are processed in and/or out of its disaster recovery vault.
- Develop and implement an action plan that establishes a target completion date for the transfer of all records inventory to its automated system.
- Study options for increased electronic record storage for noncurrent, infrequently used hard-copy records.
- Identify and implement additional functional capabilities within OmniRim that will allow more accurate and efficient inventory management.
- Develop and implement policies and procedures for assigning the appropriate system access to users.

Management's Response

The Commission should ensure that it accurately tracks disaster recovery records and maintains support for the disaster recovery rotations that are processed in and/or out of its disaster recovery vault.

Management concurs. Beginning July 1, 2010, the agency will implement a check system to verify Disaster Recovery System Scans against the Disaster Recovery Service Form. This check will be done weekly by Records Center Services Staff. By instituting this verification system, the agency will be able to accurately track the location of agencies' disaster recovery records to support their ability to recover critical information in the event of a disaster.

The staff responsible for this will be the Director of the State and Local Records Management Division and the Records Center Services Manager of the division, with additional assignment of responsibility to other Records Center Services staff. The agency may assign responsibility to additional personnel as necessary.

The Commission should develop and implement an action plan that establishes a target completion date for the transfer of all records inventory to its automated system.

Management concurs. In April 2010, the agency implemented a project plan with a goal of having the 21 percent of the non-system holdings in the records center data inventoried, categorized and entered into the OmniRIM Database with a target completion date of April 2012.

The reasoning for the two-year target completion date is threefold: (1) the complexity of microform identification and verification, (2) the volume of microforms (over one million equivalencies), and (3) materials with disposition falling at the end of this time frame. Most of the non-system microforms do not have paperwork or cannot be adequately identified by existing paperwork, so each agency must be contacted for information about their microform records. This project is staffed by a few full-time employees who have other primary and secondary job duties, so staff time for the project is allocated from their regular work schedules. The work requires very careful attention to detail and analysis that only subject matter experts can provide, so unskilled staff or temporary workers cannot be used. Although the problems with identification of microforms slow the project, hardcopy conversions are ahead of schedule due to staff effort. Many of these materials will be ready for disposition by April 2012, so these materials will decrease the number of items that need to be entered into the system.

The staff responsible for this will be the Director of the State and Local Records Management Division and the Records Center Services Manager of the division. The agency may assign responsibility to additional personnel as necessary.

The Commission should study options for increased electronic record storage for noncurrent, infrequently used hard-copy records.

Management concurs. The agency will be submitting an exceptional item request for consideration by the 82nd Legislature in the Legislative Appropriations Request for FY2012-2013. This is a complex process with far-reaching consequences that will require considerable planning, resources, and interagency cooperation. Agency staff will develop a systematic plan to research service and pricing options for providing this service to state agencies and will include this information in the exceptional item request.

The staff responsible for this will be the Director of the Archives and Information Services Division and the Director of the State and Local Records Management Division. The agency may assign responsibility to additional personnel as necessary.

The Commission should identify and implement additional functional capabilities within OmniRim that will allow more accurate and efficient inventory management.

Management concurs with reservations. The agency needs to determine a more efficient manner to use the information contained in OmniRIM. This is

particularly true in regard to the monthly billing. The built-in report does not include the box type information that is necessary to generate meaningful billing information. More detailed queries are necessary to produce useful data, and that is why the agency purchased Crystal Reports. This product was recommended by OmniRIM.

The main difficulty in the current method of converting the OmniRIM data to information that can be used in the agency's financial database is the length of time required to perform the conversion. We are using a series of spreadsheets to make a listing of information that can be imported into the financial database. The agency is beginning to develop a database file to combine the Crystal Reports information to make a usable report to be used in billing. This development is in the beginning stage, but the process is scheduled to be completed by September 30, 2010.

Regarding inventory reports for system and non-system data, the transfer of manually tracked records (non-system data) to OmniRIM is being addressed by a project plan described in 3.2 on page 14, beginning in April 2010 with a target completion date of April 2012.

The staff responsible for this will be the Director of the State and Local Records Management Division, the Records Center Services Manager and the Office Services Team Leader of the division. The agency may assign responsibility to additional personnel as necessary.

The Commission should develop and implement policies and procedures for assigning the appropriate system access to users.

Management concurs. The user profiles for the staff members referenced have been changed from "Administrator" level to "Advanced" level as of June 7, 2010. The change will allow them to perform their necessary job functions with less risk to the system's security controls. This change is the maximum amount of departmentalization allowed in the software. We will incorporate any revisions to policies and procedures for assigning appropriate system access to users by the beginning of FY2011.

The staff responsible for this will be the Director of the State and Local Records Management Division and the Office Services Team Leader of the division. The agency may assign responsibility to additional personnel as necessary.

Appendices

Appendix 1

Objectives, Scope, and Methodology

Objectives

The objectives of this audit were to determine whether the Library and Archives Commission (Commission):

- Has processes, including management information systems, that allow accurate and efficient tracking of the inventory of state records stored under the State and Local Records Management Division's Records Center Services (Records Center) contracts; prevent access by unauthorized persons; and protect records in the normal course of business and in the event of an emergency or disaster, in accordance with applicable laws and regulations.
- Has processes to ensure that state records scheduled for destruction are destroyed in a timely manner that ensures protection of all sensitive and confidential information in accordance with applicable laws and regulations.
- Provides records storage services on a cost-recovery basis in accordance with state law and agency rules, policies, and procedures.

Scope

The scope of this audit covered a review of the Commission's processes, documentation, and financial information related to its Records Center and the automated systems and processes that supported this area from September 1, 2008, through March 28, 2010.

The State Auditor's Office stores records at the Commission's Records Center. However, the information in this report was subject to certain quality control procedures to ensure independence, objectivity, and accuracy.

Methodology

The audit methodology included reviewing the Commission's internal controls and processes related to inventory tracking, destruction, and billing of agency records stored in the Records Center.

Information collected and reviewed included the following:

- Records Center Service's policies and procedures related to inventory tracking and records destruction.

- Inventory listing reports from the Commission's OmniRim system for selected agencies as of January 31, 2010.
- Records destruction logs from the Commission's FileMaker Pro database for fiscal year 2009 through February 28, 2010.
- Records storage services fee schedule for fiscal years 2008, 2009, and 2010.
- Document destruction services contract.
- Employee files for the Commission's State and Local Records Management Division.

Procedures and tests conducted included the following:

- Interviewed key personnel in the Commission's Records Center to gain an understanding of the processes and controls related to the management of agency records.
- Reviewed invoiced amounts to determine whether agencies were billed correctly in accordance with the Records Center's fee schedule.
- Reviewed records to determine whether a backlog in record destruction resulted in excess storage costs.
- Traced inventory and disaster recovery records from the Records Center's OmniRim inventory tracking system to the records' physical location in the Commission's warehouse.
- Traced inventory and disaster recovery records from the records' physical locations in the storage warehouse to the Records Center's OmniRim inventory tracking system.
- Traced inventory records from the Records Center's hard-copy tracking system to the records' physical location in the Commission's warehouse.
- Traced inventory records from the records' physical locations in the storage warehouse to the Records Center's hard-copy inventory tracking system.
- Reviewed inventory destruction logs to determine whether the Commission destroyed the records in a timely manner.
- Reviewed the Records Center's FileMaker Pro database to determine whether the Commission calculated records destruction dates correctly.

- Reviewed the Commission’s policy regarding background checks for employees in its State and Local Records Management Division who have access to confidential information.
- Toured the destruction services contractor’s facility and observed processes for determining whether the contractor complied with its contract.
- Surveyed selected state agencies that use the Records Center.
- Surveyed selected state agencies that do not use the Records Center.

Criteria used included the following:

- Texas Government Code, Chapter 441.
- Texas Administrative Code, Titles 1, 13, and 34.
- The Commission’s *Employee Guide*.

Project Information

Audit fieldwork was conducted from February 2010 through April 2010. 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.

The following members of the State Auditor’s staff performed the audit:

- Courtney Ambres-Wade, CGAP (Project Manager)
- Kenneth F. Wade, CGAP, CIA (Assistant Project Manager)
- Scott Armstrong, CGAP
- Elizabeth Hunt
- Robert G. Kiker, CGAP
- Shahpar McIntyre, MS, JD, CPA, State Bar
- Michael Yokie, CISA
- Dennis Ray Bushnell, CPA (Quality Control Reviewer)
- Sandra Vice, CIA, CGAP, CISA (Assistant State Auditor)

Comparison of Records Center Services with Other States and Local Vendors

Auditors surveyed state agencies that offered records storage services in five states. Agencies in four of the states operate on a cost-recovery basis, similar to Texas (see Table 3). In addition, the storage fees charged by the Library and Archives Commission's Records Center Services (Records Center) are among the lowest. Two Austin vendors charge higher storage fees than the Records Center. Among the states surveyed, Florida indicated that it is considering increasing its storage fees next year.

Table 3

Comparison of Records Center Services with Similar Services in Other States or Through Private Vendors						
State or Private Vendor	Are Fees Designed to Cover All Direct and Indirect Operating Costs?	Storage Fee for Boxes (per cubic foot)	Storage Fee for Microfilm (per 16mm)	Fee for Picking Up Records to Be Stored	Fee for Delivering Stored Records	Fee for Records Destruction
Alaska	Not Applicable ^a	\$0.56	Information Not Provided	\$4.28 per item	\$4.28 per item	\$0.26
Florida	Yes	\$0.25	\$0.03	Included in Storage Fee	Not Specified	\$0.035
Georgia	Yes	\$0.27	Information Not Provided	Included in Storage Fee	Included in Storage Fee	Included in Storage Fee
Iron Mountain (Vendor)	Not Applicable	\$0.137	\$1.16 per cubic foot	\$10.61 for the First Box, and \$1.27 per Additional Box	\$11.69 for the First Box, and \$1.32 per Additional Box	\$10.00 per 65-Gallon Cart (equals 8.68 cubic feet)
Montana	Yes	\$0.31	\$0.15	\$25.00/Hour	\$25.00/Hour	\$25.00/Hour
Safesite (Vendor)	Not Applicable	\$0.35 - \$0.50	Information Not Provided ^b	Included in Storage Fee	Included in Storage Fee	Information Not Provided
Texas (Records Center)	Yes	\$0.1875	\$0.0425	Included in Storage Fee	Included in Storage Fee	Included in Storage Fee
Wisconsin	Yes	\$0.29	\$0.12	Information Not Provided	Information Not Provided	\$2.80
^a Alaska provides storage using vendor contracts and the vendors determine the costs. ^b Microfilm could be stored in boxes.						

Sources: Unaudited information from the Records Center, and self-reported information from selected states and vendors.

Survey Results

Auditors sent a survey to 44 state agencies identified as users of the Library and Archives Commission's (Commission) Records Center Services (Records Center). Of these 44 agencies, 34 responded. In addition, auditors sent a survey to 11 state agencies identified as non-users of records center services; 8 of those agencies responded. The survey results are summarized below.⁵

Survey of Agencies That Use the Records Center

1. Does your agency use the Commission's Records Center Services to store non-current or infrequently used state records, such as records in hard-copy or microfilm formats, or use the Record Center's disaster recovery services? (If no, please disregard the remainder of this survey.)

Of the 34 agencies that responded to this question, 33 (97.1 percent) indicated they use Records Center Services. One (2.9 percent) agency that auditors had identified as a Records Center Services user—the State Bar of Texas—responded that it does not store records at the Records Center.

2. Within the next two to three years, does your agency foresee a need to store non-current or infrequently used agency records at the Commission's Records Center on an electronic media such as DVD, CD, external hard drive, or magnetic tape?

Of the 33 agencies that responded to this question:

- *19 (57.6 percent) foresaw a future need for electronic media storage within the next two to three years.*
- *11 (33.3 percent) did not foresee needing electronic media storage.*
- *3 (9.1 percent) stated they were unable to determine whether they would need electronic storage needs in the next two to three years.*

3. Does your agency have a need to store hard-copy records on an electronic storage media, such as DVD, CD, external hard drive, or magnetic tape?

Of the 20 agencies that responded to this question:

- *7 (35.0 percent) stated they had a current need to store hard-copy records on an electronic storage medium.*

⁵ Percentages may not sum exactly to 100.0 percent due to rounding.

- 10 (50.0 percent) stated they do not have a current need to store hard-copy records electronically.
 - 3 (15.0 percent) stated they could not determine whether they currently needed this service.
4. Over the past five years, has your agency's need for hard-copy records storage been increasing, decreasing, or not changed significantly?

Of the 33 agencies that responded to this question:

- 6 (18.2 percent) stated their hard-copy storage needs have increased.
 - 11 (33.3 percent) stated their hard-copy storage needs have decreased.
 - 15 (45.5 percent) stated their hard-copy storage needs have not changed significantly.
 - 1 (3.0 percent) stated that it did not know.
5. Once Records Center Services has destroyed your agency's records, does it provide your agency any documented confirmation of the destruction?

Of the 33 agencies that responded to this question:

- 17 (51.5 percent) stated that Records Center Services provides them with documented confirmation.
 - 4 (12.1 percent) stated that Records Center Services does not provide them with documented confirmation.
 - 12 (36.4 percent) stated they did not know.
6. Within the last year, approximately how long did it take, on average, for Records Center Services to destroy records following a request from your agency?

Of the 32 agencies that responded to this question:

- 20 (62.5 percent) stated that they did not know how long it took Records Center Services to destroy their records following a request.
- 8 (25.0 percent) stated it took Records Center Services fewer than 60 days to destroy the records.
- 2 (6.3 percent) stated it took between 61 and 120 days.
- 2 (6.3 percent) stated it took longer than 120 days for the records to be destroyed.

7. In your opinion, are the Commission's billing rates for Records Center Services reasonable?

Of the 33 agencies that responded to this question:

- 26 (78.8 percent) stated that the Commission's billing rates are reasonable.
- 7 (21.2 percent) were not sure.

Some agencies commented that they did not have anything to which they could compare the Commission's billing rates.

8. How often does your agency perform a reconciliation of the Commission's billings against your agency's records?

Of the 32 agencies that responded to this question:

- 10 (31.3 percent) stated they reconciled the Commission's billings against agency records "sometimes."
- 8 (25.0 percent) stated they never reconciled the Commission's billings against agency records.
- 14 (43.8 percent) stated they did not know whether they perform these reconciliations.

Based on the additional information provided to auditors, of the 10 agencies that perform reconciliations, 5 perform monthly reconciliations, 1 performs quarterly reconciliations, and 2 perform annual reconciliations. The remaining two agencies perform reconciliations "sporadically."

9. Within the last year, has your agency identified any errors in the Commission's billings? If so, please provide a brief description of the error(s) identified.

Of the 29 agencies that responded to this question, only 1 (3.4 percent) stated it had identified errors in the Commission's billings within the last year. The agency stated that an invoice incorrectly identified the agency as having vault storage. When the agency identified the error, Records Center Services corrected the error and sent a new invoice to the agency. The agency stated that the error was resolved satisfactorily.

10. Please rate your level of satisfaction with the following aspects of the Commission's Records Center Services:

a. Cost

Of the 33 agencies that responded to this question:

- 27 (81.8 percent) stated they were either "very satisfied" or "satisfied" with Records Center Services' costs.
- 6 (18.2 percent) gave either a neutral response, did not have an opinion, or did not know.
- None stated they were "dissatisfied" with Records Center Services' costs.

b. Access to Records

Of the 33 agencies that responded to this question:

- 31 (93.9 percent) stated they were either "very satisfied" or "satisfied" with their access to records stored at the Records Center.
- 2 (6.1 percent) gave a neutral response, did not have an opinion, or did not know.
- None stated they were "dissatisfied" with access to records stored at the Records Center.

c. Security of Records

Of the 33 agencies that responded to this question:

- 29 (87.9 percent) stated they were either "very satisfied" or "satisfied" with the security of records stored at the Records Center.
- 3 (9.1 percent) gave a neutral response, did not have an opinion, or did not know.
- 1 (3.0 percent) stated it was "very dissatisfied" with the security of records stored at the Records Center.

11. Please provide any additional comments regarding the Commission's Records Center Services. (The information below excludes comments already reflected in survey responses.)

"We're about to go mostly electronic with our storage of records, but I have nothing but good things to say about [the] Records Center. They're very prompt in retrieving and delivering records that we request and in all other aspects as well."

"The process for requesting storage and pick up of records could be streamlined. The forms and process is not written for the layman."

"They are very prompt in retrieving records when requests are sent. We use their data processing tape backup storage services and are very pleased with that function. Costs for all services seem low, but do not have any comparisons to know for sure."

"It is always a challenge to update our retention schedule. [Records Center Services staff] know that stuff inside and out, we don't. I would appreciate more guidance on this document during certification time."

"Currently [our agency] only uses the back-up tape rotation services. However, in the future [our agency] would like to store physical records in the Records Center."

"They have always provided excellent service. Within the past year or so, I have noticed that they do not pick up records to be stored as quickly as they once did."

"Excellent service, knowledgeable and professional staff always willing to assist and go the extra mile with their service."

"Vast improvement has been observed during the last six months in the turnaround time for picking up records for storage. Prior to this, it took in excess of 10 months to pick up less than 10 boxes."

Survey of Agencies That Do Not Use the Records Center

1. Does your agency use the Commission's Records Center Services to store non-current or infrequently used records, such as records in hard-copy or microfilm formats, or use the Records Center's disaster recovery services?

Of the 8 agencies that responded to this question, 7 (87.5 percent) stated they did not use Records Center Services. One (12.5 percent) agency that auditors had identified as a non-user of Records Center Services—the Veterans Commission—responded that it was a user of Records Center Services.

2. How does your agency meet current storage needs?

Of the 7 agencies that responded to this question:

- *4 (57.1 percent) stated they met current storage needs by using on-site storage.*
- *3 (42.9 percent) stated they use one or more vendors for storage services.*

3. Has your agency ever used the Commission's Records Center Services in the past?

Of the 7 agencies that responded to this question:

- *5 (71.4 percent) stated they had never used Records Center Services.*
- *2 (28.6 percent) stated they had used Records Center Services in the past.*

4. Why did your agency choose to discontinue use of the Commission's Records Center Services?

The two agencies that responded to this question cited cost, and one of them also cited difficulty with the entry and pickup of records as a reason it discontinued using Records Center Services.

5. When deciding on storage options available to your agency, did your agency consider using Records Center Services?

Of the 7 agencies that responded to this question:

- *4 (57.1 percent) stated that they considered using Records Center Services.*
- *3 (42.9 percent) stated they did not consider using Records Center Services.*

6. Please identify the reason(s) for your agency choosing not to use Records Center Services.

Of the 6 agencies that responded to this question:

- 2 (33.3 percent) cited cost and lack of timely access to records as reasons they chose not to use Records Center Services.
 - 1 (16.7 percent) stated that the lack of timely access to records was the reason it did not use Records Center Services.
 - 1 (16.7 percent) stated that its storage needs exceeded the Records Center's storage capacity.
 - 1 (16.7 percent) stated it had no need for storage.
 - 1 (16.7 percent) stated that it did not have any records needing storage. It also stated that, previously, it had problems scheduling record pickups with the Records Center.
7. Within the past five years, on average, has your agency's hard-copy or paper storage needs been increasing, decreasing, or not changed significantly?

Of the 7 agencies that responded to this question:

- 4 (57.1 percent) stated their hard-copy storage needs have not significantly changed.
 - 2 (28.6 percent) stated their hard-copy storage needs have decreased.
 - 1 (14.3 percent) stated its hard-copy storage needs have increased.
8. Does your agency have a need to store hard-copy records on electronic storage media, such as DVD, CD, external hard drives, or magnetic tape?

Of the 7 agencies that responded to this question:

- 5 (71.4 percent) stated they have a need for storing hard-copy records on electronic storage media.
- 2 (28.6 percent) indicated they did not have a need for electronic storage.

9. Within the next 2 to 3 years, does your agency foresee a need to store non-current or infrequently used agency records in an electronic media, such as DVD, CD, external hard drives, or magnetic tape?

Of the 3 agencies that responded to this question:

- *2 (66.7 percent) stated they did not foresee a future need to store electronic media within the next 2 to 3 years.*
- *1 (33.3 percent) stated it did foresee a future need for electronic media storage.*

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