



Internal Audit Report

**Countywide Record Retention
May 2005**



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May 20, 2005

Max W. Wilson, Chairman, Board of Supervisors
Fulton Brock, Supervisor, District I
Don Stapley, Supervisor, District II
Andrew Kunasek, Supervisor, District III
Mary Rose Wilcox, Supervisor, District V

We have completed our FY 2005 review of Countywide Record Retention. This audit was performed in accordance with the annual audit plan approved by the Board of Supervisors. The specific areas reviewed were selected through a formal risk-assessment process.

Highlights of this report include the following:

- The County's current Records Management Program should be approved by the Board of Supervisors, communicated to staff, and maintained through ongoing training
- The Recorder's Office is mandated by statute to record documents as provided them for recordation, including any personal and/or confidential information contained in the documents
- Record destruction services provided by two County vendors are adequate to prevent the unauthorized retrieval of information after destruction

Within this report you will find an executive summary, specific information on the areas reviewed, and the Department of Materials Management's response to our recommendations. We have reviewed this information with the Director of the Materials Management and the Recorder's Office. We appreciate the excellent cooperation provided by management and staff. If you have any questions, or wish to discuss the information presented in this report, please contact Joe Seratte at 506-6092.

Sincerely,

A handwritten signature in cursive script that reads "Ross L. Tate".

Ross L. Tate
County Auditor

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Executive Summary

Records Management (Page 5)

The County's current Records Management Program does not provide a clear set of guidelines for employees. The program has become fragmented to the point that departments have implemented internal policies and procedures, which may not be aligned with the original goals and objectives of the County's Records Management Program. The risk to the County is that records could be destroyed prior to the expiration of the retention period or held in excess of approved retention period, causing both operational and financial challenges. The County's Records Management Program should be approved by the Board of Supervisors, communicated to employees, and ongoing training provided to all employees.

Privacy Protection (Page 7)

The County Recorder's Office is mandated to record documents. In some cases, confidential and/or private information, such as an individual's social security number, may be recorded and posted on the Recorder's Internet website. This action could put individuals at risk for identity theft. According to Title 11 of the Arizona Revised Statutes; however, the County cannot be held liable for making this information available to the public. Current federal legislation, if passed, would require originating parties to redact confidential information before having it recorded.

Records Destruction (Page 9)

Appropriate destruction of paper records is important to protect confidential information. The County contracts with two vendors for the destruction of confidential records. We observed the destruction process at both vendor sites and found their procedures were adequate to prevent the unauthorized retrieval of confidential information.

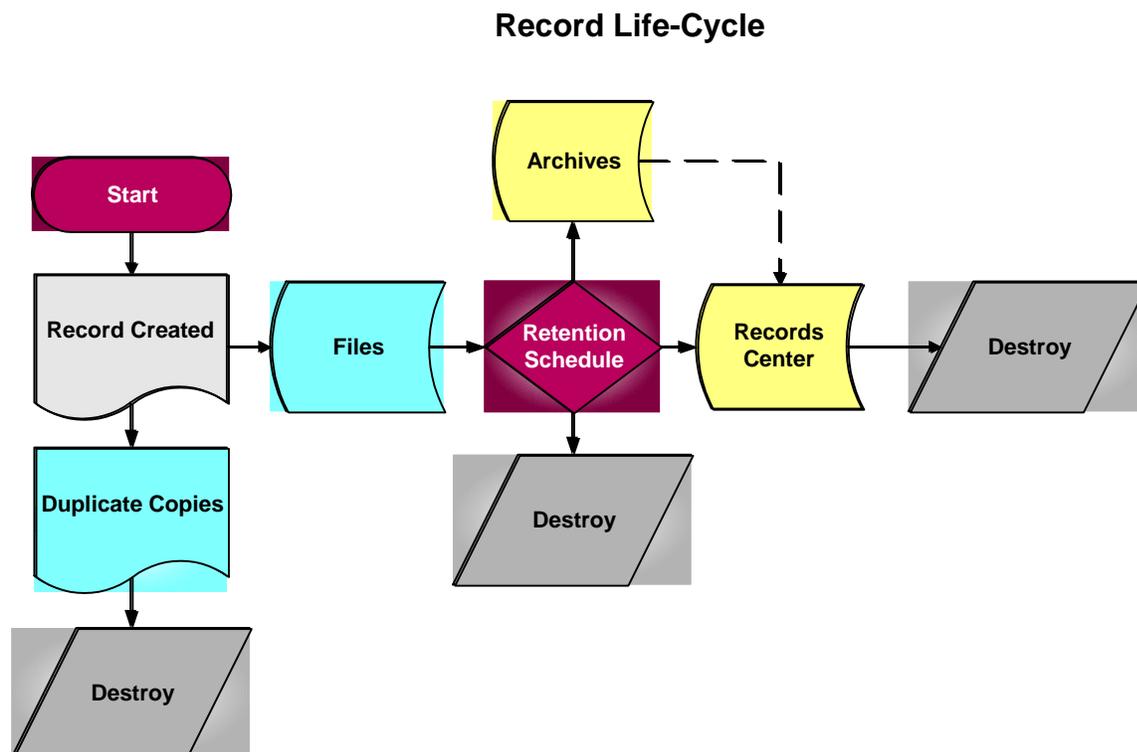
Introduction

Background

Maricopa County provides services to the public. These services require large amounts of recorded information. In order to locate these records timely, store the records in an economical manner, and destroy records according to retention schedules, a Records Management Program is essential. Recordkeeping is one of the most basic functions of government agencies. Citizens rely on government to track important public information ranging from property tax information to the development of major programs through legislation.

Arizona Revised Statutes specifically require that the head of each state and local agency establish and maintain a Records Management Program. This program must comply with the rules, regulations, standards, and procedures issued by the Director of the Arizona Department of Library, Archives, and Public Records (DLAPR). The DLAPR oversees the management of public records throughout state and local government in Arizona. The exceptions to this requirement are the trial courts and the limited jurisdiction courts, which are required to follow similar standards outlined in an administrative order to the Arizona Courts.

A well-designed Records Management Program encompasses more than establishing record retention schedules. Records management is defined as the creation and implementation of systematic controls for records and information activities from the point of creation through final disposition or archival retention including distribution, use, storage, retrieval, protection, and preservation. The life-cycle of a record series is depicted below:



DLAPR has written and published a Records Management Manual for Arizona Counties that provides guidance on the administration of an effective records management program. The Records Management Manual procedural information, which if used by the County Records Manager and County Departments, is a guide to help ensure the efficient and economical management of County government records.

According to the DLAPR, there are no hard and fast rules guiding the length of time a record should be retained. Instead the retention period should be based on the ability for the agency to perform their business function and serve their customers, whether staff or citizens. A risk exists each time a document containing potentially harmful or sensitive information is retained. An effective record retention policy helps ensure that all documents that must be retained are kept as long as needed and no longer. DLAPR encourages agencies to customize the general schedules based on their needs while considering the following:

- Operational needs of the business unit
- Legal requirements
- Fiscal requirements
- Historical significance

Electronic Recordkeeping Best Practices

The rise of e-government means a shift from paper to electronic records. Document imaging and electronic recordkeeping has become relatively inexpensive and standardized. Electronic recordkeeping has become an attractive method for the storage, indexing and retrieval of document type records. Although the creation, use, and management of electronic records may be different than traditional paper records, agencies are still required to comply with all applicable DLAPR record management guidelines.

During our audit, we benchmarked our Records Management program against other Arizona cities and counties. Maricopa County's innovative approach to electronic documents and imaging systems appears to be leading the way in local government.

Scope and Methodology

The objectives of this audit were to determine if:

- Adequate controls are in place over the records management process
- The general public through the Internet or County imaging systems can obtain records that includes private and/or confidential information
- Destruction methods used by the County and outside vendors are sufficient to prevent the unauthorized retrieval of personal and/or confidential information

This audit was performed in accordance with generally accepted government auditing standards.

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Issue 1 Records Management

Summary

The County's current Records Management Program does not provide a clear set of guidelines for employees. The program has become fragmented to the point that departments have implemented internal policies and procedures, which may not be aligned with the original goals and objectives of the County's Records Management Program. The risk to the County is that records could be destroyed prior to the expiration of the retention period or held in excess of approved retention period, causing both operational and financial challenges. The County's Records Management Program should be approved by the Board of Supervisors, communicated to employees, and ongoing training provided to all employees.

Program Establishment

The Clerk of the Board provided documents, which show that the Board of Supervisors considered establishing a Countywide Records Management Program back in 1989. However we were unable to locate a formal agenda item presented to the Board for approval. Since then, the County's Records Management function has been unofficially organized under the Department of Materials Management. Because the records can not be located showing the official approval and establishment of the Countywide Records Management Program, Materials Management should request approval for the program, which will ultimately give the department the authority necessary to successfully operate the program.

Policies & Procedures

The County's policies and procedures related to record management were issued in the early 1990's and are now outdated. The record retention schedules listed in the current policies have not been updated since 1991. There have been numerous revisions to retention schedules since then that are not reflected in the policies and procedures. In addition, the policy indicates that the responsible department for the program is the General Services Agency, which was reorganized approximately ten years ago. Many policies reference the County's Records Center. The County no longer maintains a records facility and now uses vendors for record storage, retrieval, and destruction. This information should be reflected in the updated policies and procedures to ensure that staff are aware of appropriate storage procedures.



The Customer Service Center operated by the Clerk of the Superior Court stores records for over 2 million court cases.

Ongoing Training & Resources

Appropriate training for records managers is an important part of the Records Management Program. In the past, the County has not provided in-house training for employees responsible for managing records. Prior to the completion of our audit, the Materials Management Department successfully facilitated a training class in collaboration with the DLAPR and one of the County's vendors. The training class was well received by employees and future training classes are planned. In addition, the development of an internal County Records Manual would provide employees with clarification for the proper retention, protection, and destruction of records. The Records Management Manual for Arizona Counties published by DLAPR contains high-level information on the administration of an effective records management program. However, the information contained in this manual is aimed at county entities in general and is not specific to Maricopa County.

The Department of Materials Management recently hired a County Records Manager who has made progress in coordinating the program at an employee level. In addition to the training classes offered, Materials Management has established communications with individual departments, updated department record retention schedules, and created a records management website for employees involved in the areas of records management.

Effect

The County's Records Management Program does not provide a clear set of guidelines for employees. The program has become fragmented to the point that departments have implemented internal policies and procedures. Changes in department organization and employee turnover have contributed to the fragmentation of the program. The risk to the County is that records will be destroyed prior to the expiration of the retention period or held in excess of approved retention period, causing both operational and financial challenges.

Arizona Revised Statutes

Arizona Revised Statutes (ARS) require that each state and local agency establish a Records Management Program. ARS further indicate that each state and local agency comply with rules, regulations, standards, and procedures issued by the DLAPR.

Recommendation

Materials Management should:

- A.** Obtain approval for the Board of Supervisors to establish a Countywide Records Management Program.
- B.** Update existing policies and procedures.
- C.** Draft a Records Management Manual.
- D.** Provide ongoing training for all County employees involved in record management.

Issue 2 Privacy Protection

Summary

The County Recorder's Office is mandated to record documents. In some cases, confidential and/or private information, such as an individual's social security number, may be recorded and posted on the Recorder's Internet website. This action could put individuals at risk for identity theft. According to Title 11 of the Arizona Revised Statutes; however, the County cannot be held liable for making this information available to the public. Current federal legislation, if passed, would require originating parties to redact confidential information before having it recorded.

Recorded Documents

The County Recorder's Office is mandated by ARS to record, index, and preserve documents as permanent public records. Their responsibility does not include redacting information that may be private and/or confidential. Most recorded documents located on the Recorder's website are governed by a specific law, statute, or requirement that states that an individual's social security number or date of birth is required for recordation.

As a result, we focused our efforts on documents prepared internally by County agencies. We found that most recorded documents are actually initiated from outside the County, either by another government entity or a private party. These records are not within our area of responsibility and the County does not face

a legal liability related to these records. Government agencies are responsible only for the protection of social security numbers they directly ask individuals to provide, not incidental occurrence of social security numbers, for which the private sector is held accountable.

The Recorder's Office posts the following disclaimer on its website:

"The Maricopa County Recorder's Office presents the information on this web site as a service to the public. We have tried to ensure that the information contained in this electronic document is accurate. The Recorder's Office makes no warranty or guarantee concerning the accuracy or reliability of the content at this site or at other sites to which we link. Assessing accuracy and reliability of information is the responsibility of the user. The Recorder's Office shall not be liable for errors contained herein or for any damages in connection with the use of the information contained herein."



The Recorder's Office has scanned over 60 million documents into their imaging system.

Future Legislative Action

A report released from the Government Accountability Office (GAO) in September 2004 indicated that 41 states and the District of Columbia display social security numbers in public records, and estimated over three-fourths of counties do so as well. Currently there is no national law that provides uniform protection of social security number privacy in both the public and private sectors. The laws that do exist do not provide adequate and consistent privacy protection of social security numbers across all levels and branches of government. There is a house bill in Congress that proposes legal changes to the way social security numbers are used for tracking and reporting purposes, and restricts the public display of social security numbers. If approved, restrictions would apply to only new documents, eliminating the need for a massive redaction effort. Agencies would have up to two and half years after the date of enactment for implementation.

Recommendation

None, for information only.

Issue 3 Records Destruction

Summary

Appropriate destruction of paper records is important to protect confidential information. The County contracts with two vendors for the destruction of confidential records. We observed the destruction process at both vendor sites and found their procedures were adequate to prevent the unauthorized retrieval of confidential information.

Legal Requirements

The record retention schedules are the official documents that define the lifecycle of each particular record series. The County departments we worked with either follow the general model retention schedules listed in the DLAPR Records Management Manual, or have submitted their own custom record retention schedules to DLAPR for approval. Both methods are acceptable.

Data destruction is an important element of an overall Records Management Program. The DLAPR is responsible for authorizing the destruction of applicable records. Destroying records without lawful authority is a class 4 felony (ARS §38-421). An approved retention and disposition schedule (including the general model schedules) is a continuing authority to destroy listed records at the end of their scheduled retention period. With an approved schedule, an agency may destroy listed records without further approval. Records not on approved schedules may be destroyed only with explicit approval from DLAPR. These schedules are intended to be used as a guide and should not pre-empt good judgment. Records required for legal or audit purposes beyond the recommended retention period must be maintained until no longer needed.

Destruction Methods

The majority of records produced by the County are accessible to the general public, and in most cases are not restricted or confidential. Therefore, it is not necessary to destroy these records in the same manner used for confidential or restricted records. The most desirable method of destruction for non-confidential records is recycling. The County provides locked recycling bins for most departments, which can be used to dispose non-confidential records or other paper items. The bins are stored on a secured loading dock until picked up by the vendor. Some departments perform their own in-house destruction of records using shredders. These records are considered low risk since they are not confidential in nature.



Vendors use shredding and pulverization techniques to destroy confidential records.

However, confidential records must be destroyed using a more thorough destruction process, such as shredding, pulping, or pulverization. The County currently uses two vendors for the destruction of confidential records. We met with representatives from both of these vendors and observed the destruction process. We found that both vendors used shredding and pulverization processes, which are adequate to prevent the retrieval of information after the records are destroyed. Both vendors had secured facilities, monitored with 24-hour surveillance and security. Both performed background checks on employees, and routinely performed internal audits of their processes. In addition, both vendors provide pickup service to the County for records that are scheduled to be destroyed. This decreases the likelihood of lost or stolen records in transit, since the vendor actually takes custody of the records at the County facilities. These destruction methods are much more expensive and labor intensive, and therefore should only be used for confidential records.



Vendors sell the residual product to paper mills where it is mixed into pulp to make more paper.

Recommendation

None, for information only.

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Department Response

AUDIT RESPONSE
DEPARTMENT OF MATERIALS MANAGEMENT MAY 20, 2005

Issue #1:

Records Management - The County's current Records Management Program does not provide a clear set of guidelines for employees. The program has become fragmented to the point that departments have implemented internal policies and procedures, which may not be aligned with the original goals and objectives of the County's Records Management Program. The risk to the County is that records could be destroyed prior to the expiration of the retention period or held in excess of approved retention period, causing both operational and financial challenges. The County's Records Management Program should be approved by the Board of Supervisors, communicated to employees, and ongoing training provided to all employees.

Recommendation A: Obtain approval for the Board of Supervisors to establish a Countywide Records Management Program.

Response: Concur - Materials Management will initiate an agenda item, scheduled through Agenda Central, to obtain approval for the Board of Supervisors to legitimize the current County Records Management Program.

Target Implementation Date: June 22, 2005 or July 06, 2005

Recommendation B: Update existing Policies and Procedures.

Response: Concur - Materials Management, through its Records Manager, will update the records management policies and procedures. These revised policies will be in keeping with the current ASLAPR rules and retention schedules. The revised policies will be available on-line at the Records Management website. We will also make hard copies available for those without easy intranet access. Until the revised policies are drafted and in place, an advisory to the current policies will be posted notifying readers that the policies are outdated and in the process of being rewritten.

Target Implementation Date: August 2005

Recommendation C: Draft a Records Management Manual

Response: Concur - Materials Management, through its Records Manager, will draft a Records Management Manual. This manual will consist of information on the history and necessity for County adherence to applicable ARS, basic principles of Records Management, forms (and instructions) from ASLAPR, and forms (and instructions) from Iron Mountain. The new Records Management Manual will be available on-line at the

Records Management website. We will also make hard copies available for those without easy intranet access.

Target Implementation Date: October 2005

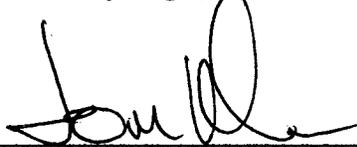
Recommendation D: Provide ongoing training for all County employees involved in records management.

Response: Concur - Materials Management Department, through its Records Manager, has already begun formal Records Management training for County personnel. We will be offering another introductory Training Class in September 2005. A training curriculum will be established in order to assure that every County employee involved in records management will be able to have access to the information and training necessary to properly discharge this function. Training will be available both on-line, and on-site by the Records Manager, ASLAPR staff, Iron Mountain staff, and others in the industry.

Target Implementation Date: December 2005



Wes Baysinger, Director, Materials Management 5/19/05
Date



Tom Manos, Finance Officer 5/19/05
Date



David Smith, County Manager 5/19/05
Date