



## MEMORANDUM

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To: Audit Committee

From: Mary Hom  
Chief Risk Officer

Date: October 29, 2020

Re: Internal Audit Reports

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Since the last report to the Audit Committee on August 5, 2020, the Records Retention audit was completed. A copy of the report is attached, and a summary is as follows:

### **2020 Records Retention**

#### Objective:

The objectives of the Records Retention audit were:

- To ensure there are current and effective record retention policies and procedures;
- To assess if records are archived in accordance with set schedules, and do not exist beyond their planned destruction date;
- To evaluate the current off-site records storage contract and invoices for compliance and billing accuracy;
- To determine if there is an off-site records inventory that is accurate, up-to-date, and reviewed at least annually; and
- To ensure all record keeping systems and storage facilities (both on-site and off-site) are protected from unauthorized access.

#### Audit Results:

Upon completion of the audit, we noted that opportunities exist to improve records retention protocols and the associated internal controls. While state-mandated records retention protocols are followed, we recommend that written policies and retention schedules be updated. In addition, we recommend that employee training tools be developed to help employees identify what constitutes a record and how employees should be retaining such records. Our focus was on the retention of physical records, and a more thorough review of electronic records retention will be performed at a later time. We note that with the shift toward electronic documentation, the need for off-site storage of physical files is expected to wane over time.

**RECORD RETENTION AUDIT 2020**

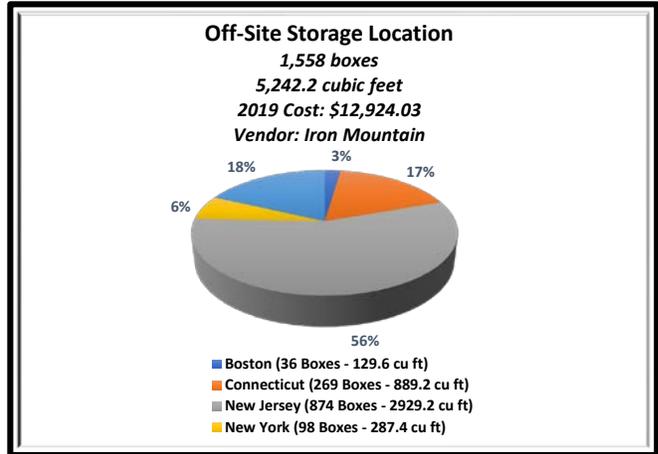
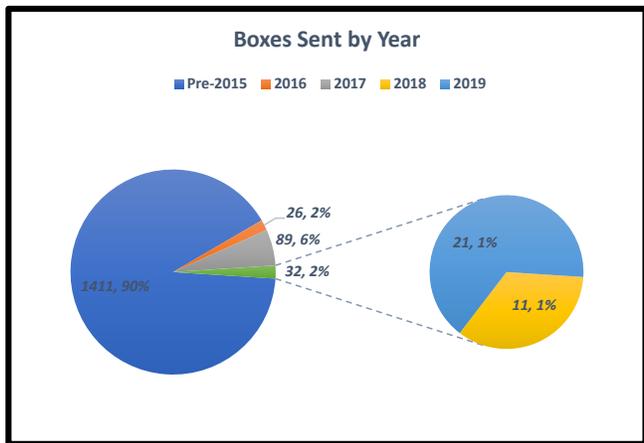
<b>Objective:</b>	1. To ensure there are current and effective record retention policies and procedures
	2. To assess if records are archived in accordance with set schedules and do not exist beyond their planned destruction date
	3. To evaluate the current off-site records storage contract and invoices for compliance and billing accuracy
	4. To determine if there is an off-site records inventory that is accurate, up-to-date, and reviewed at least annually
	5. To ensure all record keeping systems and storage facilities (both on-site and off-site) are protected from unauthorized access

**Scope:** Audit period covered the period of January 1, 2019 through December 31, 2019.

**Background:** Records are both evidence of business activity and information assets. Any set of information, regardless of its structure or form, can be managed as a record. This includes information in the form of a physical document, or a collection of data and digital information which are created, captured, and managed during business. Record classification and policies are used to indicate and preserve appropriate frameworks and apply rules for how a record is managed. To ensure records are properly maintained, records retention schedules should be implemented and will serve as an organization's guideline to retain and dispose of records. The primary purpose of a records retention schedule is to capture all types of records created and used by an organization in the execution of its business and indicates how long these records are required to be retained. A retention schedule should be developed and applied in an organized method and in line with an organization's corporate-wide records management strategy.

**Results:** While HDC follows state-mandated protocols regarding records retention, opportunities exist to improve HDC records retention protocols and the associated internal controls.

- Recommendations:**
1. Develop a written set of procedures updating record retention schedules and designating responsibilities for managing records.
  2. Develop instructions for completing Container Transmittal Sheets when departments send records offsite. Additionally, inventory records should be maintained with the necessary information to effectively manage retention schedules.
  3. Implement formal training and awareness programs that provide information, policies, and guidance to employees regarding records retention responsibilities.



<b>Records Retention Protocols</b>	
<b>Current</b>	<b>Proposed</b>
Following state-mandated guidelines	Establish HDC-specific written procedures incorporating state-mandated guidelines
Inventory records maintained by department; number of boxes managed by Office Services	Centralized, detailed inventory records and number of boxes maintained by Office Services
No formal training for employees regarding identifying and retaining records	Develop and implement employee training materials regarding identifying and retaining records