



Legislative Audit Division

Performance Audit Summary

State Government Records Management

August 2002

Introduction

A performance audit of State Government Records Management was requested by the Secretary of State and approved by the Legislative Audit Committee. The Secretary of State is responsible for administering the Public Records Management Act. The office's Records Management Bureau operates the State Records Center.

The State Archives within the Montana Historical Society is responsible for preserving state agency records with permanent value. The State Archives has a separate government records storage area currently holding the equivalent of about 11,000 boxes of records. The Archives also provides facilities and assistance for the public to conduct research using these records.

The objectives of our audit were to:

- Determine if the Secretary of State and state agencies comply with records management statutes.
- Determine if state agencies are efficiently managing inactive records and following accepted practices.
- Determine if the inactive records activities of the State Records Center (primarily storage, retrieval, and disposal) are conducted in an efficient manner.
- Determine if the Secretary of State needs to have more oversight over agency records management.
- Determine if statutes or rules need clarification.

Background

One of the common denominators for all state agencies is that they produce records as a result of their programs. Records are indispensable to the efficient and economical operation of government. They serve as the governmental memory and the basis for future action.

The volume of records produced by state government is very large. The State Records Center is designed to hold inactive records and is available for use by all agencies. The Center can handle up to 44,000 boxes: the equivalent of about 110 million government documents. The Center charges the agencies fees for storage and handling.

Agency Records Management Observations

We visited several state agencies and units of the Montana University System to observe records management practices. We visited the Department of Transportation and the Montana State Fund since they had

established programs that included the various steps and criteria recommended by records management authorities and required by state law and policy. These requirements include obtaining approval of the State Records Committee for their records retention schedules and records disposal requests, and designating an overall records manager for the agency.

While some agencies give records management emphasis and priority, our audit work revealed that most agencies do an inadequate job of managing inactive paper records.

Many agencies are not in compliance with state policy that requires storage of inactive records at the State Records Center. Many agencies store inactive records in office space or stack records boxes in basements, stairwells, closets and other "hidden" areas. Some agencies rent storage facilities for inactive records.

All executive branch agencies are required to use General Retention Schedules for records types that fit these schedules and to submit agency-specific retention schedules for all other types of records. About 40 percent of state agencies that responded to our questionnaire did not have retention schedules for their records that require the most storage space. Agencies appeared to be trying to "fit" their record types into a general category covered by the General Retention Schedules rather than developing their own specific schedules.

Many agencies are not properly submitting records disposal requests to the State Records Committee. The problems tend to fall into three categories:

- Disposing of records without submitting disposal requests to the State Records Committee.
- Not adequately describing the records to be destroyed on their records disposal request forms.
- Not submitting disposal requests in a timely manner causing inactive records to be stored too long.

Importance of Records Management

There are many benefits to having a well-run records management program. These benefits include:

- Save space by removing records from costly office space and records of no value from storage space.
- Save money through low cost storage for inactive records and reducing the need for filing equipment.

- Save time by reducing the volume of records that are filed and re-filed and by providing for an orderly system for storing and retrieving inactive records.

If inactive records storage at the State Records Center is an indication of overall records storage, then agencies are tying up a relatively large amount of space with excess records. About 25 percent of the records stored at the Center have disposal dates. Fifty two (52) percent of these boxes (about 4,000 boxes) were past their disposal dates. About 17 percent should have been destroyed 10 or more years ago. Some have been stored for an extra 20 years. Agencies spent at least \$67,000 (cumulative cost) on storing these past due records (about \$13,000 of this was during 2001).

Agencies need to properly complete disposal request forms, including accurately describing the records, for this review to be meaningful. When agencies destroy records without review by the State Records Committee, the State Archivist does not have a chance to intercept historical records prior to disposal.

For agencies that are not following records management laws and accepted practices, there is a greater chance that the records could suffer damage or loss. Much of the improper storage practices we saw involved records that were stacked in basements, stairwells, etc. Usually these types of records also do not have inventories and the locations are not secure. Many records were stored directly on the floor. These records are subject to water damage. Water damage has occurred to records owned by several agencies and stored at the Old Liquor Warehouse.

Causes of Poor Records Management Practices

There are many causes to the problems we saw with agency records management practices including:

- Many agencies do not have records management policies in place to direct activities.
- Most agencies do not have an overall records manager with sufficient authority to influence actual agency records practices.
- Records storage costs are not immediately apparent. Costs only become significant over a period of time and do not attract management attention.
- The Secretary of State has been given statutory authority to oversee executive branch records management but the office has limited resources.

Records Management Improvements

We make several recommendations directed at the operation of the State Records Center specifically related to storage and disposition of inactive records. These recommendations are:

- ***Implement the automated box management system.***
- ***Require all records boxes stored at the Center to have disposal dates.***

- ***Notify agencies when boxes are past disposal date.***
- ***Document actual records disposals.***

In order for the Office of the Secretary of State to be more active in its dealing with state agencies, we recommend several improvements:

- ***Inform agencies of accepted practices by issuing improved records management guidelines.***
- ***Seek legislation to require each agency to designate an overall records manager.***
- ***Review options for providing sufficient resources to implement section 2-6-203, MCA, to enable the Records Management Bureau to review and analyze state agency filing systems and procedures.***

Agencies are not well informed regarding which records should be kept permanently and are keeping more records than necessary. To help agencies better manage their permanent records, we recommend the Secretary of State:

- ***Work with the State Archives to develop a policy section that will help guide state agencies on managing and storing permanent records.***
- ***Require agencies to submit records retention schedules for their permanent records.***

Many agencies are improperly storing their inactive records in locations other than the State Records Center. It may be beneficial for some of these agencies to store their inactive records in other facilities. For example, agencies located outside of Helena could have their own storage locations. However, the law charges the Secretary of State with storing all inactive records. ***We believe this issue can be addressed by amending the law to allow the Secretary of State to approve alternative storage locations when in the best interests of the state.***

Many agencies are storing their own permanent records. Section 22-3-203, MCA, states the State Archivist shall preserve permanent state records. Therefore, only the State Archivist can approve storage locations for permanent records. In some cases it may be in the best interests of the state for the State Archives to allow agencies to have other storage options for their permanent records. One example would be the University System, which has established its own archive programs. This issue can be addressed in a similar manner as proposed for inactive records. In this case, ***we recommend allowing the State Archives to approve alternative storage locations for permanent records when in the best interest of the state. This would require amending section 2-6-211, MCA.***

For a complete copy of the report (02P-04) or for further information contact the Legislative Audit Division at 406-444-3122; e-mail to lad@mt.gov; or check the web site at <http://leg.mt.gov/audit>.