

INTERNAL AUDIT REPORT

TO: Deputy Chief Executive (AJ) **SUBJECT:** Document Store
CC Chief Executive
Head of Finance
DMC Team Leader **MY REF:** JK
FROM: Audit & Risk Manager **DATE:** 10 June 2014

1. INTRODUCTION

- 1.1 As part of the 2014/2015 Audit Plan, an audit has recently been completed on the systems and procedures in place to manage the council's Document Store.
- 1.2 This report outlines the approach to the audit and presents the findings and conclusions arising.

2. SCOPE AND OBJECTIVES OF THE AUDIT

- 2.1 The audit was undertaken in order to establish and test the controls in place over the management of the Document Store.
- 2.2 The audit programme identified the controls that were expected to be in place and the possible risks arising from the absence of those controls.
- 2.3 The control objectives examined were as follows:
 - a) Responsibility for the management of the Document Store is clearly defined.
 - b) There is a policy in place for determining which documents must be kept in the Document Store.
 - c) There is a record of the contents of the Document Store that is updated for acquisitions and disposals.
 - d) The Document Store is secure from unauthorised access, water, fire and other hazards that would damage the records.
 - e) There is a system in place for recording the removal and return of documents.
 - f) There is a regular review of the condition of the Document Store and its contents.
 - g) All risks associated with the storage of documents are identified, recorded and managed.

3. BACKGROUND

- 3.1 The Document Store was for a long time something of a closed book for most staff in that its location and purpose were very much unknown. If an original document was required a member of Legal Services would produce it and it would then be returned to that same person.
- 3.2 The system worked reasonably well but unbeknown to most staff the contents of the Document Store were at variance with those in the fixed asset registers resulting in a qualified audit opinion in the statement of accounts for 2007/2008.
- 3.3 The qualified opinion triggered a considerable amount of work in order to improve the organisation of the Document Store and the standard and reliability of the record keeping.
- 3.4 The culmination of the work was an electronic log of the contents of the Document Store recording the contents at a point in time. While the log recorded everything that was in the Document Store it also recorded quite a number of files that were missing. A lot of these files relate to old revenue contracts which may have been destroyed without the fact being recorded.
- 3.5 In the past the facilities for the storage of important, historical and sensitive records were referred to as the Deeds Store. It is now felt more appropriate to use the term "Document Store" to reflect the wider, strategic approach to managing all aspects of the documents that the council uses to conduct its business.

4. FINDINGS

- 4.1 In overall terms, the audit drew the conclusion that there are sound controls in place over the management of the Document Store as it stands. The lack of conviction in the conclusion stems from the absence of any sort of policy governing the types of records that should be in the Document Store and any policy on retention periods. This will be covered below.
- 4.2 In terms of the control objectives listed at 2.3, the findings are as follows:
- 4.3 **Responsibility for the management of the Document Store is clearly defined.**
 - 4.3.1 Following the creation of Shared Legal Services and the transfer of staff to Shire Hall responsibility for the Document Store was vague to say the least. This situation was recognised and some indecisive attempts to deal with it were made with no positive outcome.
 - 4.3.2 The lack of clarity was highlighted in a report to the Deputy Chief Executive from The Audit and Risk Manager in September 2013 in which he recommended that clear responsibility should be assigned to an officer with the necessary skills and experience. Given that the task is essentially a document management issue the natural choice was The DMC Team Leader.

- 4.3.3 Accordingly it was agreed by the DMC Team Leader that she would assume responsibility for the management of the Document Store. However the agreement is somewhat informal and not widely known. Understandably it is not, at this stage, recognised in the DMC Team Leader's job description and it is not apparent from the Service Area pages on the Intranet.
- 4.3.4 The members of staff who regularly require access to the Document Store, of which there are only a handful, are aware of how to access the Document Store and of how to add documents to the log but most staff will be unaware of any of the procedures involved.
- 4.3.5 It might be argued that only those people who regularly add documents or need access need to know the situation but the fact that some documents that probably should be in the Document Store are not filed in there would suggest that some education and publicity is required. This point will be referred to again in 4.4.
- 4.4 **There is a policy in place for determining which documents must be kept in the Document Store.**
- 4.4.1 In short there is no policy governing which documents must be kept in the Document Store. It seems from examining the log that years ago virtually all documents with any sort of legal aspect to them were kept there.
- 4.4.2 Nowadays as a result of changes to contract administration i.e. simple contracts are not under seal and the move to holding most documents electronically it is not at all clear which hard copy documents must be stored securely.
- 4.4.3 An examination of the log reveals some interesting information that begs the question of what needs to be kept in the Document Store. The contents include contracts, tree preservation orders, car parking orders, licences and easements.
- 4.4.4 In the case of contracts the last entry in the log is November 2011 and the one before that is October 2009. Any contracts entered into since then must be stored in the Service Areas office space as was found to be the case with the Neighbourhood Services major contracts. Whether or not signed and sealed major contracts need to be in the Document Store is not clear.
- 4.4.5 A similar situation applies to Tree Preservation Orders. There are over 500 listed in the log with the last entry being January 2010. Any orders made since then are filed in a cabinet in Planning.
- 4.4.6 It may be the case that criteria have changed such that certain documents no longer need the same level of secure storage but what is clear is that there is no guidance for staff on the matter.
- 4.4.7 As regards documents that are in the Document Store unnecessarily, again there is no policy or guidance. Some of the revenue contracts are over 20 years old and could probably be disposed of.

Risk

The absence of any policy or guidelines on secure document storage means that important or sensitive documents could be being stored insecurely and at risk of damage or loss.

Recommendation

Consideration should be given to the formulation of a policy on secure document storage such that staff are clear as to which types of documents must be held in the Document Store. A policy should include details of retention periods for the various documents.

Details should be publicised on the Intranet, and included on the DMC pages, of the management arrangements for the Document Store together with instructions for adding new documents and access arrangements covering removing and returning documents.

- 4.5 **There is a record of the contents of the Document Store that is updated for acquisitions and disposals.**
- 4.5.1 As mentioned previously there is a Document Store log that was provided to the DMC Team Leader in October 2013 by Legal Services who had been directly involved in drawing it up following a lengthy period of work to create order out of chaos.
- 4.5.2 The log is available electronically to a small number of staff – the handful of people who create new documents that are kept in the Document Store. They have also been instructed on the procedure for adding a new document to the log and then placing it the store.
- 4.5.3 The question of disposal of documents is something that has not really reared its head thus far in the absence of any clear policy. It is likely to crop up when storage requirements for the new offices is being considered.
- 4.6 **The Document Store is secure from unauthorised access, water, fire and other hazards that would damage the records.**
- 4.6.1 Physical access to the Document Store is restricted by swipe card to the DMC Team Leader, a member of her staff and a member of Legal Services. Access by other WDC staff is only available if accompanied.
- 4.6.2 The room has a Halon Gas system installed which, in the event of a fire being detected, removes all the air from the room thereby extinguishing the fire.
- 4.6.3 As a result of a blocked drain recently an amount of dirty water was evident on the floor of the Document Store. No documents were damaged but as a precaution all files are now a minimum of one foot above the floor.
- 4.7 **There is a system in place for recording the removal and return of documents.**

4.7.1 A notice on the door to the Document Store instructs people to create a record card to insert in the space created by the removed document and then to remove that card when the document is returned. As all visits are accompanied it is likely that this instruction will always be complied with.

4.8 **There is a regular review of the condition of the Document Store and its contents.**

4.8.1 This is not a feature of the management process at the moment as responsibility has only fairly recently been transferred. It would be advisable to carry out regular inspections on a phased basis to ensure that the log and the contents agree, that documents are tidy, organised and accessible and that removed documents are being returned promptly.

Risk

Without regular monitoring of the basic housekeeping of the Document Store there is a risk that it will fall into disarray again and require a major exercise to restore order.

Recommendation

Regular inspections of the Document Store should take place to ensure that the log and contents agree and that all documents are in place.

4.9 **All risks associated with the storage of documents are identified, recorded and managed.**

4.9.1 The risks associated with the Document Store are basically loss of documents or damage to them and they appear in the Development Services risk register. Interestingly two actions are recorded. The first being that regular checks on the Document Store and compliance with procedures are carried out, which supports the recommendation above and the second that operational management is transferred to the DMC.

4.9.2 The DMC specific section of the Corporate and Community Services risk register makes no reference to the Document Store but under Generic Risks there is a risk identified of loss of key records with a mitigation of secure storage of sensitive paper documents so that may well cover documents in the Document Store.

5. DOCUMENT STORAGE / DOCUMENT STORE IN THE NEW OFFICES

5.1 Although this did not form part of the audit, the DMC Team Leader raised a number of valid points in relation to the Document Store in the new council offices. They are suggested for inclusion in the design proposals and the plans for the removal of this building's contents. The assumption is being made that there will still be a Document Store under the control of the DMC Team Leader.

5.2 Ideally the room should be located such that it is convenient for the DMC staff primarily and for those requiring regular access if possible.

- 5.3 The room should be positioned so that it is protected from the risk of any water ingress and external access. The construction of the room might also be a consideration.
- 5.4 The nature and condition of the documents in the Document Store could mean that they are not suitable for being transferred by say, Pickfords, for example. The packing and transfer might need to be supervised or carried out by a specialist firm.

6. CONCLUSION

- 6.1 The audit identified some areas where control could be improved but concluded that there are sound systems and procedures in place to manage the Document Store.
- 6.2 The audit can therefore give a **SUBSTANTIAL** level of assurance that the systems and procedures in place are appropriate and working effectively.

7. MANAGEMENT ACTION

- 7.1 The recommendations to address these areas are reproduced in the Action Plan with management responses incorporated.

Richard Barr
Audit and Risk Manager