



PORTLAND DEVELOPMENT COMMISSION:

Records management systems in place,
but support and direction needed

April 2013

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City Auditor

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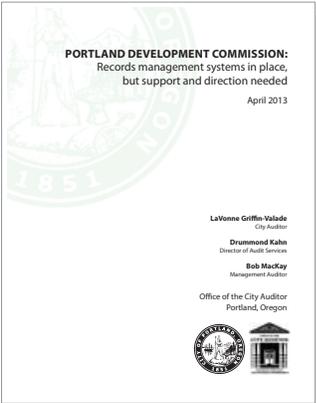
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CITY OF PORTLAND

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April 30, 2013

TO: Mayor Charlie Hales
Commissioner Nick Fish
Commissioner Amanda Fritz
Commissioner Steve Novick
Commissioner Dan Saltzman
Portland Development Commission
Patrick Quinton, Executive Director, Portland Development Commission

SUBJECT: Audit Report – *Portland Development Commission: Records management systems in place, but support and direction needed* (Report #442)

The attached report contains the results of our audit of the records management program at the Portland Development Commission (PDC). We conducted this audit at the request of PDC management. They recognized the importance of being able to retrieve official, signed key documents and of maintaining an effective records management system.

Our audit found that although PDC was able to locate all of the records from our random sample, PDC can do more to meet records management best practices. We also found that the PDC Records Center was not up to standards for such facilities.

Our recommendations are intended to assist PDC in improving their existing system so that ready access to important records is ensured and physical records are securely stored. PDC management indicates they have already taken steps to address some of the audit recommendations. Their formal response to the audit is included in the report.

We ask the Portland Development Commission to provide us with a status update in one year, through the Office of the Mayor, detailing steps taken to address the recommendations in this report. We very much appreciate the cooperation and assistance we received from PDC staff as we conducted this audit.

LaVonne Griffin-Valade
City Auditor

Audit Team: Drummond Kahn
Bob MacKay

Attachment

PORTLAND DEVELOPMENT COMMISSION:

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but support and direction needed

Introduction

Retaining and making available public records is important for government. Not only do public records provide a permanent description of a government's actions and allow transparency, but they also help meet legal and regulatory requirements.

The Portland Development Commission (PDC) serves as the urban renewal and redevelopment agency of the City of Portland, charged with implementing the City's urban renewal and economic development goals. By Charter, PDC has the authority to enter into agreements with other governments and with any other bureau of the City to carry out these functions. PDC is administered by a five member Commission appointed by the Mayor and approved by City Council.

PDC notes the importance of public records in its 2006 *Records Management Training and Users Manual*: "...we are entrusted with the duty and obligation to create and maintain complete and accurate records of our activities. These records are important assets... they need to be handled with proper care and accountability."

PDC produces and collects large numbers of public records around economic development, for example: contracts, agreements, leases, loans, and grants. To help control the growth while managing the entire life-cycle of individual records, a records management system must maintain and identify public records, and then dispose of records that are no longer necessary. The International Organization for Standardization (ISO) defines records management as the "field of management responsible for the efficient and systematic control of the creation, receipt, maintenance, use and disposition of records, including processes for capturing and maintaining evidence of and information about business activities and transactions in the form of records."

Audit Results

The first objective of our audit was to analyze how PDC is managing records, compared to their adopted policies and procedures and best practices. We found that PDC initially set out to meet many conditions based on standards and best practices, but deviations from some of these elements have occurred since its records management program policy was adopted in 2006.

The second objective of our audit was to determine whether PDC was able to readily locate and retrieve executed, critical, signed records for internal, legal and/or public use. We drew a random sample of final, executed records and found that PDC staff was able to eventually locate and retrieve all of the records in our sample, but with varying degrees of difficulty. While they could find the records, it required involving a variety of PDC staff searching in various locations, and for records in different forms of media.

We found that PDC has systems to manage its important records, but these systems are not as efficient as they could be. They are not coordinated, not universally known throughout the organization, nor used optimally. In addition, PDC's physical records storage facility did not meet standards for temperature and humidity control, as well as security. PDC needs more top-level support and direction for these systems to meet the responsibilities and goals of public records management.

Records management standards, policy and practice

In response to a recommendation from a 2005 audit, PDC adopted a policy establishing a records management program. The program described by PDC's 2006 policy was intended to "establish efficient, economical and effective controls over the creation, distribution, organization, maintenance, use and disposition of all Commission records." At the same time, PDC issued the *Records Management Training and Users Manual* with the intent of providing detailed procedures for implementing the program.

In order to establish a baseline to compare against current PDC records management practice, we primarily studied four main sources: PDC’s policies, state and local laws, international standards, and best practices. From this industry literature, applicable laws and interviews in the field, we identified eight elements we would expect to find in an exemplary records management program. Figure 1 shows the results of our review based on each of these elements. While just over half of the elements are contained or mentioned in PDC policies and procedures, fuller implementation of all elements will improve PDC’s records management practices.

Figure 1 Elements of a well-run records management program

Element	Contained in PDC Policies and/or Procedures	PDC Currently Practices
1. Have a records management policy in place which is communicated and implemented at all levels with clear support from the top	Yes	Partial
2. Records are easily tracked, accessible, and retrievable	Partial	Partial
3. Records are retained and disposed of for the appropriate amount of time	Yes	Partial
4. Records are adequately stored and protected	Partial	Partial
5. Records management and practices are systematized and documented	Yes	Partial
6. Conduct ongoing, organization-wide records training	Partial	No
7. Comply with applicable laws and regulations	Yes	Partial
8. Run program with accountability and transparency	Yes	Partial

Source: Auditor analysis of multiple sources (see pages 11-12)

Results by Element

Element 1: *Policy should be implemented and communicated by upper management.* PDC's Records Management Program Policy was adopted in early 2006 and signed by the Executive Director. It touches on what constitutes a record, sets out roles and responsibilities tied to the program, mentions the retention schedule, discusses file plans, and references the *Records Management Training and Users Manual*, which was published simultaneously with the policy to describe the day-to-day procedures for its implementation.

Currently, according to PDC management, the policy is not universally known or practiced throughout the organization and needs updating and strong upper-management support.

Element 2: *Records should be easily tracked and retrieved.* Best practices support tracking records through a records system, but this is hampered at PDC by the organization not having a single central system to track records by type. PDC has detailed procedures and instructions for file classification and naming conventions. However, when trying to track down records in our sample, we found instances where locating and producing records were not easy or efficient.

Element 3: *Records should be retained and disposed appropriately.* Public agencies are required by state law to have a retention schedule and to hold public records for specific amounts of time. When the new Records Management Coordinator was hired in July, 2012, any disposition of eligible records was placed on hold until the new Coordinator had the opportunity to evaluate the agency's retention schedule. Retention and disposition is hindered by not coordinating records management systems or fully utilizing PDC's electronic records management program, TRIM.

Element 4: *Records should be adequately stored and protected.* The physical space and condition of the PDC Records Center caused us to note several concerns – not only for the safety of the records stored there, but also concerns over PDC's controls over record security. During several visits to the Record Center we observed the following: a window that wouldn't close, cracks along window sills, insufficient

heating and cooling, a lack of humidity control, extra chairs stored in front of the fire extinguisher, and the normally locked entrance door left open.

The standard international guide for records management, ISO 15489, contains guidance on records storage facilities. The guide states that the building structure should provide, among other things, protection against extreme temperatures, humidity levels, fire, and water damage, as well as providing safety measures, controlled access, and detection of unauthorized entry. Many of these points are echoed in both State and City rules.

PDC officials stated that electronic records stored in their TRIM system are protected with layers of security. However, none of the final, executed records from our random audit sample were found in PDC's TRIM system.

Element 5: *Records management should be systematic and documented.* The 2006 PDC policy states that the records management program serves to "establish a universal and uniform system for file classification". The Records Management Training and Users Manual documents the procedures with more detail about classification systems, naming conventions, and file plans. PDC staff we interviewed were not fully aware of the policy or manual, nor had records management training been provided. However, as PDC records staff help to bring work groups and committees into TRIM, they have been providing training and direct help in setting up electronic file plans and records classification inside PDC's TRIM.

Element 6: *Records training should be ongoing and organization-wide.* The ISO states that organizations seeking to conform to best practices "should establish an ongoing program of records training." In PDC's 2006 policy, the responsibility for providing training was placed with the Records Management Coordinator. Until the recent hire of a records professional, this position has not seemed to be a priority for PDC. While PDC has self-serve training modules for TRIM offered on their intranet, and some departments have had training sessions in records management, PDC has no on-going, organization-wide training program.

Element 7: *Records management should comply with laws and regulations.* PDC has policies and procedures to respond to public records requests, as required by state law. Records Center staff were able to locate and produce copies of all records we randomly selected from a second sample specific to documents stored in the Records Center.

Each public entity within Oregon must meet minimum retention periods for holding public records as set by the State Archivist in the State General Schedule. This provides agencies the authority to retain and dispose of public records based on their own retention schedules. Since PDC must abide by the minimums stated in the General Schedule it would be prudent for PDC to consider updates to their retention schedule at least every five years. Although PDC's retention schedule has not been fully updated since 2006, it has been undergoing review and updates during this audit.

Element 8: *Records management program should have accountability and transparency.* Responsibilities for records management are spelled out in PDC policy, but are not consistently followed throughout the organization.

The Records Management Coordinator position is vital to the functioning of the whole program. PDC did not have a records management professional in the position for two years, between the 2010 retirement of the manager who wrote the Records Management Program policy and the hiring of a full-time records manager in 2012. Management told us that over the years, accountability for PDC records management moved from function to function with varying degrees of attention paid to the program. Even though PDC made great strides in acknowledging the need for a professional to fill the position – and for seeing that need filled – the position is for a two-year limited term.

Many of PDC's active records reside in multiple repositories (especially electronic) under the purview of non-records management professionals. In light of known upcoming staff reductions, this could lead to records getting lost or misplaced.

PDC electronic records management system not used optimally

In 2008, PDC purchased TRIM, an enterprise content management software, to help manage electronic records. The resolution authorizing the PDC Executive Director to enter into the contracts and agreements necessary to purchase, install and maintain TRIM noted that “management of PDC records and content through modern technological means will promote more efficient and effective use of this information by staff and access by the public.”

PDC’s TRIM purchase was closely followed by the adoption of an Enterprise Information Management policy in 2009. The policy stated that “information created and/or controlled by PDC represents one of the most significant and valuable public assets the organization is responsible for, and therefore requires careful and prudent management.” And that its purpose “is to establish a framework for how information under the control of PDC is created and managed in order to be effectively and efficiently used throughout the organization in a manner that assures data integrity and quality.” It stresses that “electronic systems and formats shall be the preferred means of creating, using, storing, and managing information.” The policy ends with the statement that “all PDC enterprise information shall be retained and managed in accordance with the PDC Records Management Policy and related administrative procedures.”

While conducting this audit, PDC officials told us that some PDC departments were not using TRIM to manage their electronic records, and that PDC is still debating how much of a transition to electronic records the organization will make. PDC’s current use of TRIM focuses on permanent records, and they have not yet made a decision as to how or what degree day-to-day operations will work within TRIM.

Since some departments in PDC have transitioned their records into the TRIM system, and other departments have not, many electronic records in PDC are stored in shared computer drives or other database programs with no connection to TRIM. PDC has yet to fully utilize TRIM as a platform to manage their electronic records.

**Sample records found,
but not easily or
efficiently**

In order to determine whether PDC could locate executed, signed records, we selected a sample of 22 records from a total of almost 150 action items from resolutions passed in PDC Board meetings over the past two years. We were able to locate copies of, or get satisfactory explanations for, all 22 records in the sample. This happened with a varying degree of difficulty, however.

Our first effort to locate the sample records was done with PDC's Records Management Coordinator entirely using PDC's TRIM system. On this attempt we were unable to locate any of the 22 signed, executed and finalized records in the TRIM system.

We were, however, able to easily locate signed, executed copies of four of the 22 records in the City's separate TRIM system. This is because these records were agreements with other bureaus in the City of Portland, and had been entered into the system by other City staff. PDC management told us that one of these records had yet to be completed, even after we had already located it in the City's TRIM system. However, once the PDC manager of the actual record had been identified and contacted, a copy of the same signed record was promptly produced for us.

Additional effort to locate the records in our sample was hampered by the fact that PDC has no centralized system for tracking where a record is stored or who is responsible for that record. Consequently, records are stored in various locations and on different media throughout the organization with no standardized procedure, but generally stored by topic or work group. Locations included file cabinets, shared computer drives, desks, and the PDC vault.

All 22 of the Board resolutions in our sample were found either in the PDC's TRIM system or on the PDC's public web site. Also found on the web or in TRIM was supporting information for resolutions and electronic copies of the unsigned records we were searching for, but with no indication as to the location of the final, signed copies.

As Figure 2 shows, we ultimately found either electronic or hard copies of all 22 sample records in one of seven work groups or on PDC's public web site.

Figure 2 Where we found sample records

PDC location	Number of records
Central City Team	5
Professional Services	4
Neighborhood Team	3
PDC web site/ECM software*	3
Real Estate Management	3
Financial Planning	2
Facilities	1
Legal**	1
Total sample	22

Source: Audit Services analysis of PDC information

* Executed resolutions only

** In legal review at time of search

If the intent of PDC's 2009 Enterprise Information Management policy was to move to centralized electronic storage, it has not been achieved. The current PDC system works – as evidenced in the fact that all of the records in our sample were eventually located – but many records were stored by project managers who are not records management specialists and not in a centralized location (or medium). Overall, this creates a system that is not transparent or accountable, with the possibility of important records being lost or misplaced, especially with upcoming downsizing.

Conclusions and Recommendations

PDC stands at a crossroads in terms of its records management. It is imperative that PDC decide what its overall Records Management strategy will be, including roles and responsibilities, what technologies will be used, how to most effectively and efficiently utilize and optimize the resources it has and/or partner with other organizations to ensure that their records are properly and securely stored and managed. This is especially important because PDC and

City Council are currently considering significant reductions to PDC staff size. PDC's current reliance on specific employees to retain records of projects independently, and placing the records in a central repository, may not be consistent with records management best practices. Both the records and the system need to be managed beyond the current staff's employment, especially in light of key staff leaving, retirements, and a known upcoming reduction in force.

We recommend that PDC take steps to adopt/align with best practice including, but not limited to:

1. Update records management policy.
2. Update retention schedule as necessary.
3. Institute formal, organization-wide records management training.
4. Consider utilizing a repository or location where each record type can be found. This may be an electronic system, but at the minimum should include enough information to direct people to where a final, executed record is located.
5. Upgrade physical records storage facility to meet standards, or pursue other storage options.

To succeed, all of these recommendations must have the appropriate upper management support and commitment. Not only does management need to clearly communicate the records management standards and expectations to all current employees, but these standards and expectations must be well documented and available for all future employees as well.

Objectives, scope, and methodology

PDC management requested this audit of PDC's Records Management Program. Management told us that being able to locate and retrieve the official, signed records is of key importance to the organization and is needed to fulfill compliance with Oregon public records law. PDC management told us that a contributing factor to this request was an incident where they were unable to find the final version of an executed, signed formal agreement when it was requested.

The two objectives of this audit were:

1. Provide a baseline for how PDC is managing records, compared to their adopted policies.
2. Determine if PDC is able to readily locate and retrieve formal, critical, signed records for internal, legal and/or public use.

The scope of the audit was focused on comparing PDC's 2006 Records Management policy to PDC's current practices. We also pulled a random sample of records from a two year period (July 2010 through August 2012) to test the second objective.

To answer the first objective, we interviewed staff and examined a variety of documents to gain an understanding of PDC's core business activities around records and records management. We also researched standards and best practices for records management and spoke to other City records staff. The PDC policy was reviewed by city records analysts and auditors.

We reviewed the following documents for this objective:

Rules and regulations

- Oregon Revised Statutes, Chapter 192
- Oregon Administrative Rules, Chapter 166
- City of Portland Charter, Chapter 15
- City of Portland Code, Title 3, Chapter 3.76
- City of Portland Administrative Rule, ADM-8.07

Standards and best practices

- International Organization for Standardization, ISO 15489-1:2001
- International Organization for Standardization, ISO 15489-2:2001
- ARMA International, Generally Accepted Recordkeeping Principles (GARP)

PDC policies and procedures

- Records Management Program, AP-06.05
- Enterprise Information Management, AP-09.03
- Public Records Access, AP-06.26
- *Records Management Training and Users Manual*

Budgets and planning

- PDC FY 2012-13 Adopted Budget
- PDC FY 2011-12 Adopted Budget
- PDC Strategic Plan 2010-2014

To determine the second objective, we used the PDC's public website to review all Board meetings between July, 2010 and August, 2012. We identified all of the Resolutions that were passed during those meetings (executed Resolutions serve as the authorizing documents to approve the PDC to enter into agreements, leases, and contracts). We randomly selected a sample of 22 records, which was fifteen percent of the 146 resolutions within the chosen time frame.

During our review of PDC's Records Management Program, PDC officials told us that they worked with two records databases – "Prod" (from 2009 to present) and "Legacy" (an older set that had formerly resided in a different software package but was merged wholesale into TRIM – these are almost entirely hard copy records that reside in the PDC Records Center). Even though the records within the "Legacy" database fell outside of our audit scope, it was determined that we would do a quick, random search from these older, hard copy records since it would be logical to assume that many important, executed records were also housed in the Records Center. We observed that the employees in the PDC Records Center were able to quickly locate the older, hard copy records that we randomly selected from the "Legacy" database.

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.

RESPONSE TO THE AUDIT

J. Scott Andrews
Commission Chair

April 23, 2013

Aneshka Dickson
Commissioner

John C. Mohlis
Commissioner

Steven Straus
Commissioner

Charles A. Wilhoite
Commissioner

Charlie Hales
Mayor

Patrick Quinton
Executive Director

Ms. LaVonne Griffin-Valade
Office of City Auditor
Audit Services Division
1221 SW 4th Ave., #310
Portland, OR 97204

Dear Ms. Griffin-Valade:

Thank you for the assistance of your team in providing PDC with a thorough assessment of the PDC Records Management Program, as well as the opportunity to respond to the recommendations made in the report. PDC takes its stewardship of public records seriously. As with all City bureaus, PDC is in the midst of a multi-year effort to transition its legacy recordkeeping system to an electronic database that will provide for secure, reliable access to the agency's vital public records. While I fully acknowledge the areas of improvement identified in your audit, PDC has both the policies and systems in place to complete the transition to a fully compliant records management program. More importantly, PDC management is wholly committed to completing this multi-year process within the constraints of declining budgets and staff resources and mindful of the rapidly evolving technological environment for records storage.

Our formal responses to your audit findings are detailed below.

1. *Update records management policy.*

An updated Records Management Program Policy is now in place with the following significant revisions:

- a. Updated citations and language of relevant Oregon public records laws and rules - in particular, the current definition of "Public Record";
- b. A clear policy statement concerning the status of work-related records created or stored on personally-owned devices; and
- c. A revised section on staff roles and responsibilities which:
 - (1) removes references to obsolete job positions; and
 - (2) establishes the responsibility of each employee to consult PDC's *Records Management Users' Manual* as a procedural guide when necessary.

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The *Records Management Users' Manual*, which supplements the Policy with instructions concerning specific tasks and procedures, is currently under revision by the PDC's Records Management Coordinator. While comprehensive in scope, the revised Manual is being prepared with a focus on readability and ease of reference as a self-help tool.

2. Update Retention Schedule as necessary.

PDC's Records Retention Schedule is based upon the State Archives' City General Retention Schedule (OAR Chapter 166, Division 200), which prescribes minimum retention periods for most record types encountered in city government. The official (master) copy of PDC's schedule exist as the Records Classification data table incorporated in to the agency's TRIM enterprise content management (ECM) software. Administrative Rule changes to the State Archives' City General Schedule that affect PDC's schedule are incorporated into the latter schedule by the Records Management Coordinator as they become effective. The Records Management Coordinator regularly consults with the State Archives' Records Management Unit on issues of applicability and interpretation of the General Schedule as well as other State rules affecting Records Management. Any changes will be communicated to All Staff via e-mail, and followed up by being incorporated into all training materials.

3. Institute formal, organization-wide records management training.

PDC will implement a series of short group training presentations on important records management topics applicable to the entire agency. The training will incorporate the general principles and benefits of utilizing an ECM application for managing both the content and retention of PDC's records. Currently, individual hands-on training on the use of the TRIM ECM application is provided to employees only as their respective departments or work groups undergo the transition of their work into TRIM. This remains the only practical way to provide this technical instruction, as it must be tested and practiced on the unique File Plans developed for each work group. A library of training modules, instructional videos, and references are provided on the PDC intranet site and available to employees at any time.

PDC agrees with the general observation that all employees be aware of and seek the use of the *Records Management Users' Manual* as a key resource in implementing best practices at all levels. As mentioned, this Manual is undergoing revision to further enhance its utility as a self-help resource.

4. Consider utilizing a repository or location where each record type can be found. This may be an electronic system, but at the minimum should include enough information to direct people to where a final, executed record is located.

PDC already has the TRIM enterprise content management application in place to manage and track both the electronic and physical records of the agency. When properly and consistently used according to file plans developed for each business group within the organization, a simple query will instantly reveal the existence and location of the official copies of all documents of any given record type (including the final executed versions) regardless of the project or event to which the document is associated. The key to achieving this solution is agency-wide use of TRIM for managing records, making the universe of agency records available for such queries. Virtually all file plans have already been developed as part of our TRIM implementation several years ago. As a practical matter, the transition of some key business groups into TRIM has been hindered or delayed by a lack of resources available to focus on necessary business process modifications. To remedy the problem as soon as practical, we intend to launch a mandatory plan to systematically implement TRIM for each business group not already utilizing the software. We will also make staff aware of retention requirements as they relate to those records not presently stored in Trim.

LaVonne Griffin-Valade
Office of City Auditor
April 23, 2013
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5. *Upgrade physical records storage facility to meet standards, or pursue other storage options.*

At this time, PDC is investigating alternative solutions for storing its inactive physical records. These alternatives include moving the records to City of Portland Archives (PARC) or to a commercial storage facility. The costs, logistics, and administrative requirements of these alternatives are being gathered by the Records Management Coordinator and will be carefully evaluated by leadership before any final decision is made. In the meantime, the Records Center is working to identify all stored records eligible for immediate disposal in an effort to reduce the quantity of expired records held in storage.

PDC values its role as a steward of public records and, as such, is committed to managing its records in accordance with appropriate rules, standards, and best practices. PDC has made substantial progress toward the full transition of its records to a comprehensive ECM system, and will continue to implement new protocols and practices to complete this transition. Again, thanks to you and your office for your efforts in providing this helpful assessment.

Sincerely,



Patrick Quinton
Executive Director

EP:PQ:gw

C:

Mayor Charlie Hales
PDC Audit Committee

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Portland Development Commission: Records management systems in place, but support and direction needed

Report #442, April 2013

Audit Team: Bob MacKay

This report is intended to promote the best possible management of public resources. This and other audit reports produced by the Audit Services Division are available for viewing on the web at: www.portlandoregon.gov/auditor/auditservices. Printed copies can be obtained by contacting the Audit Services Division.

LaVonne Griffin-Valade, City Auditor
Drummond Kahn, Director of Audit Services

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