CAPITAL PROGRAMS

RECORDS CENTER ADMINISTRATION

AUDIT REPORT #17-2003

Audit & Advisory Services

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# Background

In accordance with the Campus fiscal year 2016-17 audit plan, Audit & Advisory Services (A&AS) conducted an audit of internal controls and associated business practices established to operate Capital Programs’ Records Center (CPRC) and safeguard the information being maintained.

*Capital Programs Overview*

The Capital Programs department is responsible for conceptualizing, planning, designing, and constructing major capital construction and renovation projects at UCLA. Projects having total costs of $750,000 and above are consider major capital construction. Since its establishment in 1986, Capital Programs has expended approximately $6.1 billion to complete a variety of new construction, renovation, and infrastructure projects: two replacement hospitals and related parking facilities; nearly 55 new buildings or complexes; 27 major building additions; and five new parking facilities. In addition, seismic renovations have been completed on approximately 60 buildings, and a large number of existing buildings throughout the campus have been modernized. Capital Programs develops financial strategies, obtains project approvals, reviews plans and specifications, completes environmental reviews, prepares and negotiates construction contracts, coordinates staging plans, and serves as a repository for project records and as-built plans.

The department’s mission is to create projects that “support the instruction and research mission of the University by providing a physical campus environment that fosters excellence, creativity, and a sense of community.” Capital projects are developed to take into account UCLA land use priorities, established physical designs, University policies and procedures, environmental and regulatory requirements, and community interests.

Capital Programs consists of three organizational units:

*Capital Planning and Finance* – responsible for planning, environmental assessment, project budgeting, and project financial services including contracts administration and the CPRC. An Associate Vice Chancellor who reports to the Vice Chancellor and Chief Financial Officer leads this area.

*Design and Construction* – responsible for project design, project management, and construction management. An Associate Vice Chancellor who reports to the Vice Chancellor and Chief Financial Officer leads this area.

*Administrative Services* – comprised of building operations, information technology, and personnel, and is overseen by a Director who reports to the Vice Chancellor and Chief Financial Officer.

CPRC is responsible for managing current and archiving closed capital improvement project records. Records are either maintained electronically in the SharePoint application with printed documents being maintained within the Capital Programs facility or archived in the non-circulating Special Collections at the Southern Regional Library Facility (SRLF), which is located on the northwest side of campus. There are also printed records stored with Iron Mountain, a multi-national third-party vendor. CPRC is staffed by a supervisor and two employees and is overseen by the Director of Contracts and Records Management Administration.

Purpose and Scope

The primary purpose of the review was to ensure that the CPRC’s organizational structure and controls are conducive to accomplishing its business objectives. Where applicable, compliance with campus and University policies and procedures were also evaluated.

The scope of the audit focused on the following areas:

* Records Center Administration
* Records Retention and Final Disposition

The review was conducted in accordance with the *International Standards for the Professional Practice of Internal Auditing* and included such tests of records, interviews, and other auditing procedures considered necessary in achieving the audit purpose.

Summary Opinion

Based on the results of the work performed within the scope of the audit, internal controls over records management activities were generally conducive to accomplishing its business objectives. However, controls and business practices could be further strengthened by implementing the following:

* Mislabeled and duplicate boxes should have their contents confirmed and box numbers corrected, and as-built and record drawings should be appropriately inventoried.
* Notifications should be sent to delegated entity project managers (Medical Center, Housing & Hospitality Services, and Facilities Management) to upload capital project records quarterly or semi-annually.
* Existing project documents previously approved for destruction, but currently being stored at Iron Mountain, should be given priority for retrieval and proper destruction.
* UC Records Retention policy regarding duplicate documents should be reinforced with all capital improvement project managers on an ongoing basis.

The audit results and corresponding recommendations are detailed in the following sections of this report.Audit Results and Recommendations

Records Center Administration

Interviews were conducted with CPRC and Capital Programs Plan Room management and staff to obtain an overview of departmental processes, procedures, and controls over the storage of capital improvement project records, including those being stored at the SRLF. SRLF management also provided assistance with searching and retrieving records inventory data from the Voyager system. Correspondence was exchanged between SRLF, University Archives, CPRC, and the Plan Room to ascertain processes and controls, including tracking and reconciling, over records and other capital improvement project documents that are critical to the Campus “Capital Program.” A&AS also reviewed CPRC staff job descriptions to determine their respective responsibilities in support of the Center’s operations. The following was noted:

1. As-Built and Record Drawings

A&AS review disclosed that mislabeled boxes of record drawings exist at SRLF (boxes 77A, 77B, 77C, etc.). Additionally, there are Capital Programs document boxes with duplicate numbers (boxes 20, 426, and 429). Further, as-built drawings and other project documents that remain at SRLF are not being periodically inventoried and reconciled.

Although the Capital Programs Plan Room oversees as-built drawings, they are official project records submitted by a contractor upon completion of a project. The as-built drawings are then converted to record drawings by the Capital Programs design professional. These records reflect all changes made in the specifications and working drawings during the construction process, including the exact dimensions, geometry, and location of all elements of the work completed under the contract. Plan Room management noted that they are unaware of any documented inventory record of as-builts and record drawings stored at SRLF, and there are unprocessed as-builts, record drawings and related plans still stored at Capital Programs. CPRC staff are responsible for performing reconciliations between SRLF’s inventory records and Capital Programs internal inventory records of architectural drawings and historical files stored at SRLF.

Recommendation: Management should ensure that mislabeled boxes are evaluated for their contents and corrected labels are affixed. Additionally, boxes with duplicate numbers should be examined to determine their contents, and new box numbers assigned as necessary. For the as-built and record drawings currently at SRLF, and the unprocessed as-builts, record drawings and plans still at Capital Programs, management should perform a physical inventory of the items, document the inventory with complete descriptions, and periodically reconcile all architectural drawings, as-builts and record drawings, and historical files stored at SRLF to the department’s internal inventory records. By doing so, management will ensure that all boxes are properly accounted for, departmental and library records are complete and agree with one another, and valuable University records are appropriately maintained.

Response: (1) Concerning the mislabeled boxes, SRLF has corrected their error; (2) Concerning the duplicate box numbers, these have been corrected; (3) Concerning the as-built and record drawings housed at SRLF, an inventory of said documents has existed for some time (The Plan Room staff member interviewed by the auditor was unaware of this document); (4) Concerning performing a periodic inventory of the as-built/record drawings at SRLF, these documents are a static collection. Drawings are not removed from SRLF, and no additional documents can be added. Management assumes that the responsibility of ensuring the safety and accuracy of all such documents lies with SRLF and not CPRC; and (5) As for documenting the unprocessed as-builts/record drawings and plans currently in the Capital Programs Plan Room, CPRC is not responsible for that effort. The Director of Engineering, Carl Newth, oversees the Plan Room. Since March 2013, approximately 17,000 drawings have been scanned and an additional 9,000 drawings remain to be transferred. Completion of the scanning process is anticipated to be completed by late 2018.

1. Notifications – Project Records and Documents

Interviews were conducted with management from the UCLA Medical Center, Housing & Hospitality Services, and Facilities Management areas that have delegated authority to perform capital improvement projects. The discussions focused on understanding their processes for uploading project-related records to CPRC’s SharePoint system for retention purposes. In May 2017, the number of SharePoint users increased from 30 to 120 users and, per Capital Programs Information Systems management, this is considered a “period of transition” due to the roll out of SharePoint to the delegated entities staff.

Contracts Administration personnel are responsible for generating and uploading all bidding and contract documents into SharePoint. Accounting unit staff are responsible for processing and uploading invoices and change orders into SharePoint for capital improvement projects. However, other relevant records and documents requiring retention are the responsibility of the project managers within each of the delegated entities.

CPRC is the official custodian of capital improvement project records. Emails are sent to the delegated entity project managers by CPRC at project close-out to ensure required documentation is uploaded into SharePoint. Personnel from all three delegated entities contacted affirmed that records are only uploaded at project close-out. A&AS reviewed one recent capital improvement project from each selected delegated entity and noted that each project has voluminous records uploaded to SharePoint, relative to the project’s scale and complexity. Communications between CPRC and the delegated entities were evaluated to gauge the timeliness, efficiency, and effectiveness of obtaining relevant capital project records during a project’s life, which can be several years.

A February 2015 *“Assignment of Project Management Responsibility*” memo for capital improvement projects issued by the UCLA Vice Chancellor and Chief Financial Officer was reviewed with management personnel of the delegated entities to promote clarity and understanding of capital project file maintenance requirements. A&AS also discussed the distinction between the “UCLA Capital Programs” department and the Campus “Capital Program.” A focal point of the discussion was that the Associate Vice Chancellor for Capital Planning and Finance is responsible for the Campus Capital Program, including those projects managed by a delegated entity.

Test work indicated campus departments that have been granted delegated authority for major capital improvement projects are not uploading their project records and documents to the appropriate SharePoint folders on a timely basis as the project progresses.

CPRC is the official custodian of capital improvement project records and documents, and is reliant upon the delegated entity project managers to scan and upload required documentation to the appropriate SharePoint folders on a timely basis. As part of their monitoring process, CPRC sends a notification to the delegated entity project managers outlining the standard filing requirements for major capital improvement projects. The requirements include ensuring that all hard copy project documentation is scanned and uploaded to the SharePoint folders. This process is the responsibility of the project managers.

Due to the long life of major capital improvement projects, circumstances can arise that affect the integrity, reliability, and completeness of scanned and uploaded records and documents including turnover in project management staff, lost or unprepared documents, improperly scanned documents, etc. By not scanning and uploading records and documents on a timely basis throughout the project, maintaining compliance with departmental filing requirements and UC Records Retention Policy is made more difficult than necessary.

Recommendation: Management should send notifications regarding major capital improvement project records and documents to delegated entity project managers on a quarterly or semi-annual basis instead of just at project close-out. The more frequent notifications will provide an ongoing opportunity for the delegated project managers to organize, scan, and upload records and documents throughout the project’s life, and not just at project close-out when it is likely that an entire collection of accumulated records and documents must then be processed. Scanning and uploading documents to the SharePoint folders as the project progresses will also provide value by leveraging the most current information before a substantial amount of time has elapsed.

 Response: In addition to email notification at the end of the project, CPRC staff also notifies project managers during the Preconstruction Conference held at the start of each project. Management believes that this is sufficient notification. This topic has also been discussed with senior administrators of other units at Capital Programs’ weekly Project Development Committee Meetings.

Records Retention and Final Disposition

Meetings were held with Capital Programs Information Systems management to obtain an understanding of the CapSTAR “records tracking and retention” module. Two management reports generated from the module, the “Retention – Hard Copy – Eligible for Destruction” report, and the “Retention – Hard Copy – Destruction Occurred” report were reviewed to determine adequacy for records tracking and retention activity. These reports are utilized together in the tracking of capital project record retention and destruction eligibility. The reports contain information such as record destruction eligibility date, destruction request and authorized approval dates.

CPRC management and staff were interviewed to gain an understanding of the vetting process of both printed and electronic records prior to their final disposition. Correspondence between CPRC management and staff, and Capital Programs project managers and the litigation specialist was reviewed to ensure confirmation was provided that there were no existing conditions that would postpone document destruction. CPRC’s document destruction log monitoring data was also evaluated for completeness and timeliness of document destruction. The following were noted:

1. Records – Disposal

The CPRC documentation retention matrix, which is based on the UC Records Retention policy, was assessed for clarity and completeness. The CPRC desk manual was reviewed to obtain general information about the records disposal process. CapSTAR was utilized to generate two document destruction status reports: the “Hard Copy – Eligible for Destruction” report, and the “Hard Copy – Destruction Occurred” report, which were evaluated for content and adequacy. The CPRC destruction log and “Iron Mountain Access database inventory” for boxes of capital project documents were also analyzed to ascertain completeness of destruction for approved projects.

Data analytics was performed between the CPRC destruction log and the Iron Mountain Access database to determine if all qualifying boxes of project records have been destroyed based on UC Records Retention expiration dates and written confirmation from the Capital Programs Litigation Specialist and the associated project manager that there were no existing conditions that would postpone such destruction. This analysis excluded capital projects designated as already destroyed, having bond/grant/special funding, on-going litigation, or on “hold”, etc. The Iron Mountain document box inventory is for older, completed projects. Subject matter experts inspect each box of documentation to ensure that records have ongoing value to the University and are properly maintained. Documents with a remaining useful life are scanned into SharePoint and assigned a remaining useful life date. When documents are deemed “expired,” they are destroyed by a UC-approved document destruction vendor.

Capital improvement project records that have been approved for destruction are still being maintained at Iron Mountain Storage. These records were identified by cross-referencing the project numbers on the Project Destruction Log to the Iron Mountain database, both of which are maintained by CPRC. There are 57 Iron Mountain box numbers associated with 23 Capital Programs project numbers that have been approved for record destruction. Records are destroyed when they reach their expiration date in accordance with the UC Records Retention Schedule, have no ongoing value to the University, and receive appropriate destruction approval from the project manager and litigation specialist. Any retention exceptions or exclusions are properly documented for reference. By not destroying records on a timely basis, CPRC incurs additional storage costs for records that have no continuing value, and are not in compliance with University policy. This could also potentially increase financial risk in the event of litigation involving capital construction.

Recommendation: Management should retrieve the identified boxes from Iron Mountain Storage that contain the expired records, verify that the records qualify for destruction, and destroy them in accordance with University guidelines. As part of the ongoing process of timely destruction of records stored at Iron Mountain, management should also prepare a list that prioritizes the review of each box based on predetermined attributes, and incorporate this information into a box destruction schedule to ensure the efficient and timely disposition of these records.

Response: Clear priorities for the retention and destruction of the large amount of records generated by Capital Improvement Projects have been established. In conjunction with a prior audit recommendation, the first priority was to review the records that were previously held in SRLF. Upon completion of that effort, the next priority was to review over 1,000,000 pages of documents related to the Westwood Replacement Hospital and the Santa Monica Hospital projects. That effort is now in its final stages. In May 2017, CPRC staff began retrieving expired records from Iron Mountain, verifying them and processing for destruction as applicable. To date, over 770 boxes of records have been processed.

1. Records – Miscellaneous Office Locations

A review was performed of the Business and Finance Bulletin RMP-2 “Records Retention and Disposition: Principles, Processes, and Guidelines;” UC Records Retention Schedule; Capital Programs records retention procedures and schedules; and various other departmental policy and procedure manuals related to records management. CPRC is the official custodian of records and documents for major capital improvement projects that have plant accounts within the campus “Capital Improvement Program.” CPRC does not administer non-plant-account project documentation, and is not responsible for documentation related to human resources, personnel, or payroll.

Since not all records and documents are stored in Capital Programs network servers, duplicates of project records and documents and/or copies can exist at both Capital Programs and within delegated entity project manager files (i.e., not every project-related document is scanned and stored on the department’s network servers). There are also paper copies in file folders, electronic copies saved on local computers and/or thumb drives, and project managers that work from home may retain personal copies of documents at home or elsewhere for reference. Project managers are responsible for the control and proper administration of all project records and documents in their possession regardless of their form, format, or location.

Original documents may be checked out for periodic updating as a project progresses. CPRC staff also indicated that project management personnel also store copies outside of the CPRC for their own use. Project managers are provided the UCLA Capital Programs Retention Policy Schedule, which states that, “Copies are considered non-records, and should be retained only until their usefulness has passed, but never any longer than the official record.” A&AS noted; however, that duplicates of capital project documentation are possibly being retained longer than the official records in project manager workpaper files and other locations away from the Capital Programs central office. With the proliferation of computers, digital photocopiers, and other technologies, there are challenges to maintaining control over duplicates.

As part of the project close-out process, all project managers are required to organize project files and adhere to the UC Records Retention Schedule. Although there is no practical, absolute method to identify all existing duplicate documents, project managers are still accountable to oversee and mitigate the risk of maintaining duplicate records. Because duplicate records can have the same significance as an original document in legal proceedings, they should be manage as carefully and efficiently as official records.

Recommendation: Management should develop appropriate measures to reinforce knowledge of and adherence to the UC Records Retention Policy with specific reference to the management of duplicate documents for all capital improvement projects with assigned plant account numbers.

Response: CPRC currently emails all Project Managers at Notice of Completion of their project, notifying them of Records Retention procedures. The following sentence has been added to this standard email: *COPIES OF DOCUMENTS IN YOUR POSSESSION: UCOP Records Retention policy states, “Copies are considered non-records, and should be retained only until their usefulness has passed, but never any longer than the official record. Contact the Capital Programs Records Center with questions concerning retention durations for your project records.”* An email from Director of Records Kip Baker related to this topic was also sent to all Capital Programs staff on April 27, 2017.

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