CAPITAL PROGRAMS

RECORDS MANAGEMENT

AUDIT REPORT #21-2103

Audit & Advisory Services

September 2021

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# Background

In accordance with the Campus fiscal year 2020-21 audit plan, Audit & Advisory Services (A&AS) conducted an audit of internal controls and associated procedures established to manage and administer Capital Programs’ records management activities.

*Capital Programs Overview*

The Capital Programs (CP) department is responsible for conceptualizing, planning, designing, and constructing major capital construction and renovation projects at UCLA. Projects having total costs of $1,000,000 and above are considered major capital construction. Since its establishment in 1986, Capital Programs has expended approximately $6.3 billion to complete a variety of new construction, renovation, and infrastructure projects. According to information reported on the CP website, at the end of fiscal year 2017 (the most recent data available), 58 buildings or building complexes, five new parking facilities, and 27 major building additions have been constructed on campus. Additionally, 63 buildings have received seismic retrofitting, and several renovations to modernize existing campus buildings have been completed. Two replacement hospitals and related parking facilities have also been constructed. 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 two organizational units:

*Capital Planning and Finance* – responsible for planning, environmental assessment, project budgeting, project financial services including contracts administration, information technology, human resources, and the Capital Programs Records Center. 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.

Since the prior audit was conducted in 2017, Capital Programs has eliminated its Records Center operation. Former Records Center staff either retired or participated in the employee voluntary separation program.

Records and records management are now part of a digital workflow system (Workflow system) being implemented throughout Capital Programs. Currently, CP is in a transitional stage between the elimination of its Records Center operation and the current managing of records within the new Workflow system. This transition includes document scanning efforts that have been paused, in part, due to the COVID pandemic. The Workflow system provides ease of access to records, time-stamped task response times, and a user-friendly format.

Purpose and Scope

The primary purpose of the review was to ensure that Capital Programs’ controls relating to the operation and maintenance of records management activities are conducive to accomplishing its business objectives. Where applicable, compliance with campus and University policies and procedures was also evaluated.

The scope of the audit focused on the following areas:

* Workflow System Access
* Records Retention Compliance
* Records Validation & Quality Assurance
* Vital Hardcopy Document Protocols

The review was conducted in accordance with the *International Standards for the Professional Practice of Internal Auditing* and included interviews, tests of records, and other auditing procedures considered necessary to achieve 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 further be strengthened by implementing the following:

*System Access – Internal Campus Users*

* Management should perform periodic reviews of the Workflow system’s internal campus user access to ensure that all users are current employees and require access based on their job responsibilities.

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

Workflow System Access

A&AS conducted meetings with CP personnel to obtain an understanding of processes and procedures associated with requesting, vetting, and approving access to the Workflow system for internal campus users and external users.

Internal Campus Users

Internal users consist of project managers in various campus departments (such as Housing & Hospitality Services, Medical Center, Facilities Management, etc.) which have ongoing Capital Program projects. Each prospective internal user submits an online registration request to Capital Programs IT management to create a user account. The requestor and their campus email address are verified as being current by Capital Programs IT management. As with external users, each internal user only has Workflow system access to the particular project workflows assigned to them.

A listing of 296 Workflow system registered internal campus users was provided by management as of April 2, 2021. A judgmental sample of 20 currently registered internal users was selected for audit testing to verify that they are current employees in their corresponding department as registered to the Workflow system, and their access to the Workflow system is appropriate based on their job duties.

A. Workflow System Access – Internal Users

Workflow system access for internal campus users is not always deleted when a user’s status changes. Of the 20 internal campus users tested, one user (5%) separated from the University in January 2019, but their access had not been removed after more than two years had elapsed. By not ensuring that access to the Workflow system is maintained on a current basis, unauthorized access may occur.

Recommendation: Management should perform periodic reviews of the Workflow system’s internal campus user access to ensure that all users are current employees and require access based on their job responsibilities. By doing so, management will be strengthening controls over Workflow system access.

Response: The audit finding and recommendation cited above were included in the most recent audit of Capital Programs Information Technology. Capital Programs Information Technology is responsible for the maintenance of the Document Manager User database and recommendations related to this maintenance would not seem applicable to this audit.

A&AS Comment: Workflow system access, including audit testing of such access, is part of the audit scope for this project and was communicated in our engagement letter to management on March 12, 2021. The issue referenced in management’s response related to external user access that we reported in our SharePoint audit in June 2018. The issue in this current audit relates to internal user access. In addition, A&AS met with the Capital Programs Information Services Manager and three of the department’s IT staff on May 14, 2021 to discuss the audit issue and proposed recommendation. The Information Services Manager concurred that the issue discussed was valid.

External Users

External users consist of professional service providers and other companies that are involved with Capital Program projects. Each prospective external user submits an online registration request to Capital Programs IT management. This registration request includes the requestor’s email address, and is equivalent to a “subscription” or creation of a user account. The requestor and their submitted email address are vetted by Capital Programs IT management. Each external user only receives Workflow system notifications related to the projects associated with them. The Workflow system itself does not grant access to any other CP systems or applications, and it does not contain restricted or sensitive capital project information. As mentioned earlier in this report, the Workflow system is only a notification tool in which a task can be created, assigned, and accounted for on a per task, per user basis.

There were no significant control weaknesses noted in this area.

Records Retention Compliance

Monitoring and Tracking Retention Requirements

Interviews were conducted with CP management to obtain an overview of the new Workflow system, related records retention functionality, and associated monitoring and tracking controls. CP’s records retention information summary was examined for consistency with the University of California (UC) records retention schedule. Additional fieldwork discussions were held with management to identify relevant aspects of capital project records retention, and reconcile those business needs with the department’s operations and practices.

During the life of a project, the Workflow system automatically sends notifications to the assigned project manager to ensure hardcopy and electronic versions of project documents are uploaded to CP’s SharePoint system (SharePoint). Generally, the primary difference between the previous methodology under the CP Records Center and the implementation of the Workflow system is that the process is now electronic. Sample Workflow system auto-generated notifications were analyzed to confirm adequacy and consistency with capital project requirements.

The CP executive management team has made the decision to maintain all electronic capital projects records within SharePoint. Published UC records retention documents specifically address the ability for University locations to make exceptions to record retention periods. University buildings have life cycles that significantly exceed the related UC records retention periods. Historical capital project information has ongoing value in the maintenance and operation of the buildings and any prospective capital improvement projects and for legal and financial considerations. Additionally, since each capital project is relatively unique, records can be utilized as a valuable informational reference, training tools, lessons learned, etc. Therefore, capital project records will be maintained due to their ongoing value to the University and the Capital Programs department in fulfilling its administrative function.

There were no significant control weaknesses noted in this area.

Records Freeze / Legal Preservation

Discussions with Capital Programs management helped strengthen our understanding of the Workflow system’s task notification function, including the “records freeze” (aka records hold / preservation hold) functionality. A “records freeze” may be needed for special business needs, legal issues, audits, and/or other circumstances. Workflow system screenshots of selected project manager notifications were evaluated to verify the adequacy of “records freeze” and documentation for “preservation hold” conditions and requirements. Workflow system project notifications are used to communicate amongst CP management, Campus Legal Counsel, project managers, staff, etc. regarding which records (if any) to freeze/preserve. Preservation holds/records freeze guidance is then communicated to appropriate staff accordingly. The Workflow notifications explicitly ask if there are any reasons to hold such records, and requires an explanation in the notification response.

A&AS determined that there is an adequate separation of duties once records have been placed on preservation hold. Only written authorization from the appropriate level of management can remove the hold. The Workflow system has adequate functionality and controls that enable sufficient “records freeze/preservation hold” directives to be appropriately communicated as necessary.

There were no significant control weaknesses noted in this area.

Records Validation and Quality Assurance

Capital Programs IT management and staff provided A&AS with an understanding of Workflow system controls. Ongoing discussions were conducted throughout the review to obtain additional clarity, and strengthen our understanding of Workflow system controls in conjunction with the audit objective.

Audit assessment was conducted through walk-throughs and demonstrations of capital project workflow processes, system logic, and related functionality. The Workflow system’s “Help” page and “Help Video” were examined to determine ease of use, adequacy of support delivered, and the availability of controls to ensure the timely upload of essential capital project documents into SharePoint.

Pre-configured workflows have been created for standard capitol project processes and procedures. These pre-configured workflows are applicable to most capital projects. Workflows can also be customized, as needed, based on the task to be completed.

The Workflow system has built-in functionality that determines whether pertinent records have been uploaded to SharePoint. If the records have not been uploaded, the flow of work stops until the person assigned the workflow task has completed it. Tasks within each workflow are trackable based on staff assignment, date assigned, etc. Key stakeholders for each workflow track and monitor workflow task status as necessary to identify where a work stoppage might be occurring, including the timely upload of capital project documents to SharePoint. This Workflow system control prompts communication between management and staff to resolve any issues. Additional Workflow system controls include auto-generated project manager notifications at various capital project milestones. These notifications assist and support each project manager’s capital project document administration. If the records have not been uploaded, the flow of work stops until the person assigned the workflow task has completed it. This control creates an audit trail and individual accountability for the timely upload of essential capital project documents.

There were no significant control weaknesses noted in this area.

Vital Hardcopy Document Protocols

A&AS held discussions with the Capital Programs Director of Contracts & Records Management to gain an understanding of departmental practices for maintaining and safeguarding of vital paper (hardcopy) records containing “wet signatures.” A wet signature is created when a person signs their name on a physical paper document thereby endorsing the document. The current draft version of the CP Records Management Policies and Procedures manual was reviewed to identify information regarding the established department procedures governing capital project records containing wet signatures. Although Capital Programs is in the process of implementing the use of DocuSign, capital project vital records with wet signatures are still being utilized and maintained. DocuSign is a form of electronic signature, or e-signature that follows the digital signature “public key infrastructure.” DocuSign is a digital transaction platform that allows users to send, sign and manage legally binding documents securely in a cloud storage medium. It is anticipated the utilization of DocuSign will reduce or possibly eliminate the number of documents requiring wet signatures in the future.

Currently, vital capital project wet signature documents are being stored in a secure metal cabinet within the Capital Programs Contracts Administration area, and are organized by project. The cabinet is securely locked at all times to prevent unauthorized access. In addition to the original wet signature documents, electronic copies of the documents are also maintained in SharePoint. The hardcopy documents are maintained until the Workflow system generates a notification asking the assigned project manager to certify that an electronic copy of the document has been uploaded to SharePoint. The notification requires the project manager to also certify that the paper versions of the wet signature document can be destroyed, unless there is some business reason the document should not be destroyed such as litigation, pending claims, outstanding or pending change orders, stop notices, etc.

There were no significant control weaknesses noted in this area.

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