

MUNICIPAL AUDITING REPORT CITY OF ROANOKE



Records Storage Services Review

August 29, 2016

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Municipal Auditing Department

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OBJECTIVES & SCOPE

Objectives:

1. To determine if Lawrence Transportation Systems, Inc. has complied with the terms of the City's Records Storage Services contract.

Yes with Exceptions – We conclude that Lawrence Transportation Systems, Inc. has complied with the majority of the City's Records Storage Services contract terms.

Scope:

We reviewed the City of Roanoke's records and data backups stored at Lawrence Transportation Systems' local warehouse as of March 15, 2016.

End of Objectives and Scope

BACKGROUND

Local governments must maintain their records in compliance with Library of Virginia records management requirements. The Library of Virginia oversees the Virginia Public Records Act [VPRA], Code of Virginia §42.1-76 through §42.1-91. This code provides definitions and responsibilities as it relates to public records, including specifications related to securing confidential records, properly storing archival records and developing emergency plans to ensure preservation of records in the case of an emergency. In addition, the Virginia Public Records Management Manual provides detailed guidance related to records management, file management, electronic records, records preservation and records storage. This manual serves as a supplement to the VPRA.

The Library of Virginia defines a “public record” or a “record”, regardless of format, as recorded information that documents a transaction or activity by or with any public officer, agency or employee of an agency. The recorded information is a public record if it is produced, collected, received or retained in pursuance of law or in connection with the transaction of public business. They may be in either paper or electronic format. “Archival” records are of continuing and enduring value to citizens of the Commonwealth and necessary to the administrative functions of public agencies ... having sufficient informational value to be permanently maintained. Archival records must be kept in fire resistant, environmentally controlled, physically secured rooms in such an arrangement so that they are easily accessible.

The City contracts with Lawrence Transportation Systems, Inc. [Lawrence] to store its records (including archival records), both paper and electronic, at an off-site facility. The contract took effect on July 1, 2013, and will expire on June 30, 2018. Total annual management fees may not exceed \$44,000. Charges are assessed based on total volume stored, added, retrieved, refiled, or destroyed. There is a variance between the costs associated with electronic records and paper records due to the storage area needed. Payments to Lawrence are as follows:

Year	Payments
FY 2014	\$ 35,110
FY 2015	\$ 38,705
FY 2016 as of 6/30/2016	\$ 35,950
Total	\$109,765

During the Fiscal Year 2015 external financial statement audit, the City’s auditors questioned the controls over the City’s third-party service providers. Lawrence was not able to provide an independent auditor’s report evaluating their control environment. Additionally, their controls had not been assessed by City staff. The auditors suggested that the City either perform periodic on-site visits or implement other processes to evaluate the provider’s internal controls.

End of Background

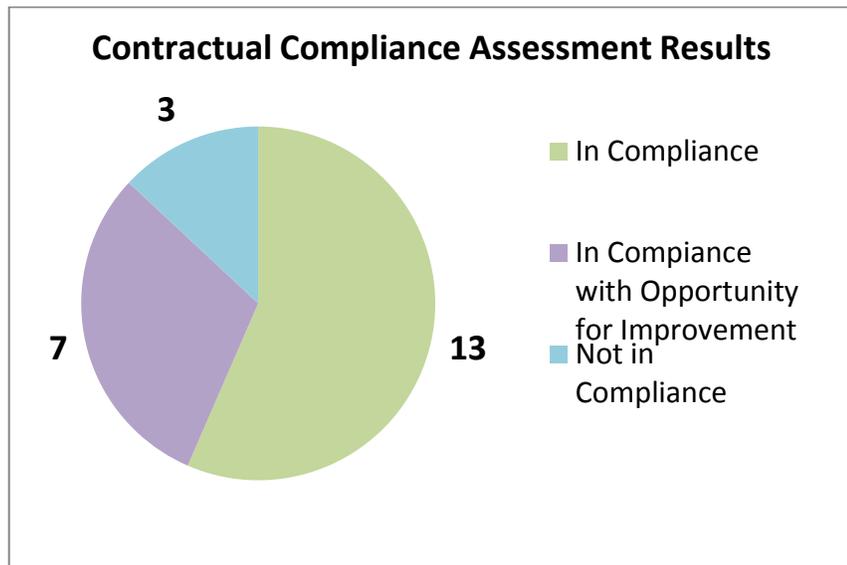
Objective 1: Compliance with Contract

With the support of the Purchasing Division and the Department of Technology, Municipal Auditing undertook a review of the internal controls in place at Lawrence’s warehouse to ensure that the City’s records are properly maintained and adequately protected. We began with a detailed review of the records storage services contract. We then developed an overall assessment based on contract requirements. A total of 23 requirements were grouped into three (3) categories of internal control:

1. Inventory – The controls within this category ensure there is an appropriate accounting of the City’s records. The contract includes two (2) related requirements.
2. Security – These controls ensure the City’s records are adequately safeguarded. The contract included five (5) related requirements.
3. Damage Resistance – These controls are intended to provide the City’s records protection from destruction. The contract included 16 related requirements.

Within the off-site facility, paper and electronic records are stored separately. Paper records are housed in the general warehouse area. These records include a variety of permanent files including archival records. Additionally, certain records may include confidential and/or personally identifiable information and must be properly secured. Electronic records include backups of the City’s network, databases and servers. They are stored in an area known as the “vault”.

Using the City’s specifications as a guide, we toured the facility to determine whether Lawrence had adequate internal controls in place. Results were as follows:



Internal controls were in place and functioning to meet the majority of contractual requirements. Lawrence's response to the solicitation did not address all of the expectations requested. We noted limited written documentation surrounding the control processes, which contributed to many opportunities for improvement.

Inventory controls in place included a record-indexing system and records activity tracking. We noted opportunities for improvement related to inventory data, City information requirements and reporting, and inventory records reconciliation.

Security controls included a 24-hour security system and limited access. Opportunities for improvement included employee screening, supporting documentation, alarm activity review and gate monitoring.

Damage resistance controls included a separate warehouse of cinderblock construction, fire inspections, a lack of windows, dry fire suppression and monitoring systems, clean facilities, a pest control program, and magnetic media transport containers.

Lawrence was not in compliance with the following contractual requirements:

1. Facility must have emergency access capabilities and an emergency plan and procedures.

Although the City does have emergency plans for records which are housed on-site, Lawrence does not have anything documented for those records stored in their facility.

2. Facility shall provide the City with a written Disaster Preparedness plan and procedures.

Each department of the City has a written Disaster Preparedness plan, and a copy is maintained at Lawrence's facility. We noted that Lawrence has not prepared a formal Disaster Preparedness plan covering the records housed at their facility and therefore, the City has not received anything documenting the related procedures.

3. Facility shall have humidity and temperature controlled environment so no excess humidity or temperature extremes shall occur.

Lawrence has no heating and cooling system for the general warehouse in which the City's paper records are stored. The warehouse "vault" in which the City's data tapes are stored is temperature controlled and has appropriate fire suppression systems. The Library of Virginia specifies recommended temperature and humidity levels for paper records and indicates that maintaining consistent temperature and humidity levels is the more important factor in protecting paper records. A regulated environment is required for permanent records.

Recommendations:

- 1) Purchasing Division staff should meet with City stakeholders to reevaluate and determine appropriate contract specifications for records storage services.
- 2) A survey should be undertaken to determine which records are considered archival or need long-term and/or permanent storage. Staff should work with Lawrence to discuss alternative, temperature-controlled repository options for these documents.
- 3) City employees needing to access records located at the Lawrence facility should direct their requests to the City's Purchasing Division, who would then notify Lawrence on a case-by-case basis. There should be no standing list of employees with access to the facility.
- 4) The Purchasing Division and Lawrence should work on documenting processes related to records storage services for the City of Roanoke.

End of Objective 1

SUMMARY OF MANAGEMENT ACTION PLANS

Management Action Plan – Title	
The Purchasing Division has requested a written Emergency Plan and Procedures from Lawrence Transportation Systems, Inc. to be delivered no later than September 9, 2016.	
Assigned To	Target Date
Simone Knowles, Purchasing Manager	09/09/2016

Management Action Plan – Title	
The Purchasing Division has requested a written Disaster Preparedness Plan from Lawrence Transportation Systems, Inc. to be delivered no later than September 9, 2016.	
Assigned To	Target Date
Simone Knowles, Purchasing Manager	09/09/2016

MANAGEMENT COMMENTS

Lawrence Transportation Systems, Inc. has served as the City's contracted records storage provider since July 1, 2013. They consistently provide excellent records storage service to City departments with timely responses to retrieval requests, accurate invoices and reports, and quick responsiveness to the City's service requirements. Lawrence receives excellent ratings from City departments on annual contractor performance evaluation surveys, and their staff readily complied with the City's requests for information and site inspections associated with this audit.

The final term for the contract between the City of Roanoke and Lawrence Transportation Systems, Inc. for Records Storage Services ends on June 30, 2018. To ensure that there is no lapse in this essential service, the Purchasing Division will issue a solicitation for a new records storage services contract in the final quarter of Fiscal Year 2018. As part of the solicitation process, the Purchasing Division will meet with City department/divisions utilizing records storage services to determine their storage needs and requirements pertaining to nonpermanent and permanent records. The needs identified by user departments along with the requirements and guidelines from the Library of Virginia will serve as the basis for the scope of services to be included in the solicitation.

In response to the statement in the Background section of the audit report that Lawrence was not able to provide an independent auditor's report evaluating their environment; the City's contract for records storage services does not require Lawrence to provide such a report.

In response to the statement in Objective 1 (Compliance with Contract) that Lawrence's response to the solicitation was not complete and did not address all of the expectations requested; the bid contained in the official solicitation file included all of the submittals required for consideration of responsiveness to the solicitation listed in Section 7-O-1&2 (Instructions to Bidders) of Invitation to Bid #13-06-03.

In response to the findings noted in the report:

1. The Purchasing Division has requested the written Emergency Plan and Procedures to be submitted by Lawrence Transportation Systems, Inc. no later than September 9, 2016.
2. The Purchasing Division has requested the written Disaster Preparedness Plan to be submitted by Lawrence Transportation Systems, Inc. no later than September 9, 2016.
3. The Purchasing Division recommends that the permanent records remain at the vendor's facility until such time that a new contract requiring a regulated environment is awarded.

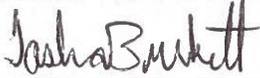
In response to the recommendations noted in the report:

1. Purchasing staff will meet with stakeholders to evaluate needs and requirements as part of the next solicitation process for these services.
2. As part of the City's records management program, Purchasing Division staff currently maintains a listing of records deemed as permanent by City departments. Additionally, Purchasing Division staff provides guidance to records coordinators on the determination of permanent record status at annual records management training events. The Purchasing Division recommends that the permanent records remain at the vendor's facility until such time that a new contract requiring a regulated environment is awarded.
3. Item 1-E of Exhibit 2 (Scope of Services) to the current records storage contract requires Lawrence to provide on-site access to records to authorized employees of the City. Purchasing staff provides an updated listing of records coordinators and other City employees authorized to receive, order, access, and/or pick up records. This system for records storage and retrieval has proven to be successful for the past three years. During that time, with the exception of the visits associated with the audit, only one authorized individual has accessed records at the storage site. All other records have been requested by and delivered to authorized individuals in City departments. The Purchasing Division will notify Lawrence and affected employees that records coordinators and other authorized employees may no longer access their department records at the storage facility without the expressed approval of the Purchasing Division.
4. The Scope of Services included as Exhibit 2 to the Contract between the City of Roanoke and Lawrence Transportation Systems, Inc. serves as the process and procedure for providing records storage services for the City.

Changing records storage providers is a complex process that in the past has caused delay in delivery of goods and services essential to conducting business at the City of Roanoke. Delays were due to the need for the initial transport and staging of records, the contractor's establishment of procedures for records recall, storage, reporting, and destruction, and the establishment of invoicing and payment procedures. For these reasons, the City utilizes a one year term contract with the maximum number (4) of renewals to minimize the interruption of business processes due to a delay in records availability. The Purchasing Division, as the manager for the records storage contract, recommends that the City continue the contractual relationship with Lawrence Transportation Systems, Inc. and, if Lawrence continues to meet the City's expectations as set forth in the current scope of services, renew the contract for the final term ending June 30, 2018.

ACKNOWLEDGEMENTS

We want to thank the Purchasing Division, Department of Technology, Real Estate Valuation, Facilities Maintenance, Fire Department, Social Services, and City Manager's Office for their assistance. We would also like to extend our appreciation to Lawrence Transportation Systems, Inc. for their time and cooperation.



Tasha Burkett
Information Systems Auditor



Dawn Hope Mullins, CPA
Assistant Municipal Auditor



Drew Harmon, CPA, CIA
Municipal Auditor

Report 16-017 Exhibit 1

EXHIBIT 2 TO CONTRACT BETWEEN CITY OF ROANOKE AND LAWRENCE TRANSPORTATION SYSTEMS, INC. FOR RECORDS STORAGE SERVICES

REFERENCE: ITB# 13-06-03

SCOPE OF WORK

The services, work, and/or items that the Contractor shall provide in a timely and proper manner in accordance with the Contract include, but are not necessarily limited to, the following:

1. SERVICES AND/OR ITEMS REQUIRED.

- A. Contractor shall comply with Chapter 7, Sections 42.1-87 and 88, Code of Virginia, regarding storage, retention and records destruction procedures.
- B. Contractor shall perform all job responsibilities in relation to the storage of the City's records in complete confidentiality. Contractor shall ensure the City that its employees will be performing their task in a confidential manner.
- C. Contractor shall be responsible for transportation, receipt and data entry of files from the current Contractor to their storage facility at no additional charge to the City.
- D. Contractor shall provide storage of City records 24 hours per day, 365 days per year and provide access to records 24 hours a day, seven days (7) a week.
- E. Contractor shall provide on-site access to records to authorized employees of the City. The City Staff will provide the Contractor with a list of persons that are allowed to receive, order, access, and/or pick up records belonging to the City of Roanoke.
- F. Contractor shall take all actions and precautions necessary to prevent damage to all City storage containers, the records contained therein, or spillage and/or loss of any such records.
- G. Emergency requests for services shall be provided. Delivery shall be made within two (2) hours of a request during the City's regular business hours and within four (4) hours of a request during other than the City's regular business hours.
- H. Contractor shall have in existence a records indexing system for assigning tracking numbers, identifying file box contents, indexing microforms initial storage date, scheduled destruction date and any other pertinent data for expedited storage and retrieval.
- I. Contractor shall deliver and pick up records when requested, and accept delivery of such records in accordance with specifications, pick-up and delivery via a bonded courier.
- J. Contractor shall provide a monthly and annual report of all records activities between the Contractor and the City. This includes a monthly inventory of records in storage.

- K. Each department within the City of Roanoke shall be given a separate account for billing purposes.
- L. Contractor shall have secure destruction capabilities, with computer indexing to include destruction dates and provide destruction services in accordance with Chapter 7, Sections 42.1-86.1, 87, and 88, Code of Virginia.
- M. Contractor shall provide media storage containers and storage boxes to the City at a reasonable cost. Standard storage containers shall be defined as 1.1 cubic foot (minimum) capacity.
- N. Contractor shall provide services outside of normal business hours.
- O. Contractor shall use magnetic media transport containers for all pick-up and deliveries of magnetic media.
- P. Billing/Invoices should be received by the 10th of each month, with a detailed listing by department for all activity on the account. The Contractor agrees to retain all records, documents and support materials relevant to the Contract, if awarded, for a period of five (5) years following final payment.
- Q. Contractor shall incur the cost of reproducing any records that are lost or damaged while in the care, custody, and control of the Contractor including while in transit, whether such loss is a result of the Contractor's negligence or not. The City will have a record of all documents that are in each container, so the City will know which documents need to be reproduced. The Contractor shall be liable for the reproduction costs of a document where another copy of it is on file somewhere within the City. The Contractor may choose to insure or self-insure at its option the cost of such reproduction.
- R. At the City's request, Contractor shall provide copies, either hard or electronic copies compatible with City systems, at no cost to the City, of any or all lists and information showing the type, number, boxes, electronics, and other items the Contractor is storing for the City, including a breakdown by department, if requested.

2. STRUCTURE/FACILITY REQUIREMENTS.

- A. Facility shall meet all code requirements of the Americans with Disabilities Act (ADA), Title III Regulations (28 CFR Part 36, Revised July 1, 2009 Appendix A).
- B. Facility shall be an individual structure separated from other buildings and external hazards to ensure safety from fire, flood and other potential natural disasters.
- C. Facility shall be located above the local flood plain and be constructed of concrete block and/or steel that meets all national fire code prevention standards.
- D. All fire walls shall be structurally sound and capable of withstanding impact and imposed loads if severe fire exposure would cause collapse of the framing on one wall. All openings in fire walls shall be protected on each side by fire doors suitable for Class A openings.

- E. No water, steam, or other piping shall be present in the records storage area other than pipes for the sprinkler system.
- F. Facility shall have a non-combustible roof.
- G. Facility shall have no windows in any stack areas and ultraviolet filters on fluorescent light.
- H. Facility shelving shall be of fire retardant, chemically neutral, steel construction. Bottom shelves must be at least six (6) inches from the floor.
- I. Facility shall be equipped with sufficient shelving to accommodate all boxes of City records.
- J. Facility shall have an operational fire sprinkler system and monitoring system which will provide 24 hours a day, seven (7) days a week protection against water flow, heat, smoke-gas, fire, motion and glass or the breaking in of any doors or windows.
- K. Facility shall possess a 24 hour security system with interior and exterior security.
- L. Facility shall be clean, well-organized and free of rodents and pest infestation. Contractor's facility shall be equipped with insect control devices or be serviced by a commercial extermination firm on a regular basis.
- M. Facility must have emergency access capabilities and an emergency plan and procedures.
- N. Facility shall provide the City with a written Disaster Preparedness plan and procedures.
- O. The City reserves the right to inspect each Contractor's facility to ensure it complies with the above requirements. If requested by the City, the Contractor shall allow City personnel to inspect its facility.
- P. Contractor's facility shall have humidity and temperature controlled environment so no excess humidity or temperature extremes shall occur.

3. CLIMATE CONTROL FOR FACILITY.

Priority shall be given to providing optimum environmental conditions within the storage facility.

- A. Temperature: the recommended range for paper based items is 80 degrees Fahrenheit or below.
- B. Relative Humidity: the recommended range is 50% HR +/- 5%.
- C. Lighting: ultraviolet (UV) radiation must be eliminated in all storage areas.
- D. Air Purity: the installation of filters in the air conditioning system and a high level of recirculation are required to keep pollutants at trace levels.

END OF EXHIBIT 2