

# **UT Southwestern** Medical Center

## **The University of Texas Southwestern Medical Center Document Retention Audit**

**Internal Audit Report 16:28**

**September 29, 2016**

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## Executive Summary

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### Background

The Records Management function at the University of Texas Southwestern Medical Center (UT Southwestern) and, specifically, the Records Management Officer (RMO) is responsible for administering the UT Southwestern Records Management Program. The RMO, in coordination with departmental Records Management Administrators (RMAs) are responsible for ensuring all records in all media types are retained for the minimum periods identified in the UT Southwestern Records Retention Schedule (RRS) in compliance with state regulations. *Policy FSS-201 Records Management and Retention*, approved in 2012, establishes the governance framework for the program. In 2014, the Records Management function established a procedure to require all RMAs to annually attest to their department's compliance with *Policy FSS-201*.

The Records Management function is comprised of two employees, the RMO and a Records Coordinator, and is a division of the Office of Materials Management. The RMO joined UT Southwestern in April 2016. Prior to April 2016, the Assistant Vice President of Materials Management served as the RMO.

UT Southwestern records are stored in three on-campus locations; two in the Bass Building, and one in the Building X warehouse; as well as 18 off-site vendor locations in the Dallas area. More than 22,000 boxes of records are distributed among seventeen off-site locations with one vendor, Iron Mountain. The other vendor, EvriChart is only used for storing patient medical records (10,809 boxes) for the Health Information Management department. Significantly, in FY2016, Hospital management identified and destroyed more than 2,925 boxes of expired records, resulting in an annual savings in excess of \$148,000.

### Objectives and Scope

This audit was risk based and scheduled as a part of our Fiscal Year 2016 Audit Plan. While each department is responsible for its own records management and retention per policy, this audit focused primarily on tasks, responsibilities, and processes of the Records Management function.

General objectives of the Document Retention audit have been established in accordance with our Internal Audit Charter and include:

- Review and evaluate monitoring and oversight processes to ensure departments retain and dispose of documents in accordance with institutional policies and regulatory requirements.
- Evaluate support and training provided to departments to ensure compliance with institutional policies and regulatory requirements.
- Review physical storage facilities to ensure an appropriate storage environment, proper disposal of records procedures are followed, and security practices are in place.

We conducted our examination according to guidelines set forth by the Institute of Internal Auditors' International Standards for the Professional Practice of Internal Auditing.

## Executive Summary

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### Conclusion

Opportunities exist to: enforce departmental accountability for compliance with the Records Management policy; improve processes for classification and retention of electronic business correspondence; promote timely destruction of expired documents to reduce storage costs and legal liability; and prevent unauthorized access to records stored offsite.

As a specific strength identified during the audit, UT Southwestern documents located in on-site and off-site storage facilities are in secure and safe, environmentally controlled structures.

The table below summarizes the observations and the respective disposition of these observations in the UT Southwestern internal audit risk definition and classification process. See Appendix A for Risk Rating Classifications and Definitions.

Priority (0)	High (0)	Medium (3)	Low (1)	Total (4)
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There were no Priority or High issues identified in the audit. Key improvement opportunities risk-ranked as medium are summarized below.

- **Enforce Departmental Accountability for Compliance with Records Management Policy** – Procedures are not in place to proactively monitor and enforce departmental compliance with records management policy.
- **Improve Processes for Classification and Retention of Electronic Business Correspondence** – Procedures and systems are not in place to facilitate identification and retention of electronic business correspondence such as email.
- **Ensure Only Authorized Employees Can Access Records Stored Offsite** – Lists of users authorized to access records stored offsite with Iron Mountain include 244 terminated employees.

Management has implemented or is in the process of implementing corrective action plans. Management responses are presented in the Detailed Observations and Action Plans Matrix section of this report.

## Executive Summary

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We would like to thank the Office of Materials Management and the Records Management department for their assistance and cooperation during this review.

Sincerely,

Valla F. Wilson, Assistant Vice President for Internal Audit

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## Detailed Observations and Action Plans Matrix

Observation	Recommendation	Management Response
<p><b>Risk Rating: Medium ●</b></p> <p><b>1. Enforce Departmental Accountability for Compliance with Records Management Policy</b></p> <p>Procedures are not in place to proactively monitor and enforce departmental accountability for compliance with records management policy. This has resulted in excessive records storage costs and increased legal liability for discovery of records retained beyond scheduled periods.</p> <p><i>Policy FSS-121</i> requires departmental RMAs to annually attest to compliance with policy, but Records Management does not conduct monitoring procedures to verify these attestations are accurate. Reports of departmental and off-site inventories are not obtained and reviewed to verify timely destruction of records.</p> <p>The policy also requires “orderly management and retrieval and destruction” of documents to minimize liability risk, however:</p> <ul style="list-style-type: none"> <li>• Inspection of the 75 storage cages in the Bass Building revealed boxes in at least five cages were retained beyond their labelled destruction dates, and records for more than 25 departments stored in a disorganized way without appropriate labeling or destruction dates.</li> </ul>	<ol style="list-style-type: none"> <li>1. Implement monitoring controls with risk-based criteria to periodically verify departmental compliance with Policy FSS-121.</li> <li>2. Implement procedures to periodically obtain and review document inventory reports for selected high-risk departments and all off-site locations to verify timely destruction of records</li> <li>3. Conduct training to reinforce department requirements for ensuring records are properly labeled and retained in accordance with the retention schedule. Track RMA attendance and require all new RMAs to attend one training prior to the next annual attestation.</li> <li>4. Initiate the annual attestation notification at the beginning of the fourth quarter of the fiscal year, thereby allowing more time for the RMAs and the Records Coordinator time to adequately review, categorize, document and purge departmental records.</li> <li>5. Evaluate ways to further reduce storage costs. Consider implementing processes to shift offsite storage to on-campus storage as space becomes available.</li> </ol>	<p><b><u>Management Action Plans:</u></b></p> <ol style="list-style-type: none"> <li>1. We agree and will implement procedures to periodically monitor departmental compliance with <i>Policy FSS-121</i>. Using a risk-based approach, a sample of 10% of departments will be selected for monitoring and evaluation annually.</li> <li>2. We will obtain quarterly reports from selected non-compliant departments and all off-site locations and verify timely destruction of records.</li> <li>3. We agree and will conduct semi-annual campus-wide workshops to reinforce department records management requirements. RMA attendance will be tracked and all new RMAs will be trained upon registration with Records Retention.</li> <li>4. We agree and will begin the annual attestation period on June 1<sup>st</sup> and complete the process by fiscal year end. Notice of change will be communicated December 1, 2016. We will request inventories to be attached to attestation forms.</li> <li>5. We agree and will look for cost-saving opportunities including shifting offsite storage to on-campus storage as space becomes available.</li> </ol>

## Detailed Observations and Action Plans Matrix

Observation	Recommendation	Management Response
<ul style="list-style-type: none"> <li>Analysis of the inventory of the 22,060 boxes of hospital records stored with the Iron Mountain vendor revealed 289 (1.3%) boxes were retained past their labelled destruction dates and 21,373 (97%) boxes were missing destruction dates.</li> <li>Based on current pricing per box, approximately \$85,750 per year could be saved by eliminating Iron Mountain storage, not counting additional savings from pickup/return and other administrative fees.</li> </ul>		<p><b><u>Action Plan Owners</u></b></p> <ol style="list-style-type: none"> <li>Asset Management Manager and Records Management Officer (RMO)</li> <li>Records Coordinator, Materials Management</li> <li>Records Coordinator, Materials Management</li> <li>Asset Management Manager and Records Management Officer (RMO)</li> <li>Asset Management Manager and Records Management Officer (RMO)</li> </ol> <p><b><u>Target Completion Dates</u></b></p> <ol style="list-style-type: none"> <li>March 1, 2017</li> <li>March 1, 2017</li> <li>March 1, 2017</li> <li>March 1, 2017</li> <li>December 1, 2016</li> </ol>

## Detailed Observations and Action Plans Matrix

Observation	Recommendation	Management Response
<p><b>Risk Rating: Medium</b> ●</p> <p><b>2. Improve Processes for Classification and Retention of Electronic Business Correspondence</b></p> <p>Procedures and systems are not in place to enable users to easily classify and properly retain electronic business correspondence such as email. This can result in the loss of critical information; inability to retrieve essential documents, particularly in the event of litigation; reputational damage; and increased costs due to excessive retention of electronic records.</p> <p>Per <i>Policy FSS-121</i>, email system users are responsible for identification and management of messages sent or received from outside UT Southwestern according to the Records Retention Schedule. Currently, the email system is configured to delete user emails not otherwise archived after 13 months, however certain emails may constitute business correspondence that must be retained for a longer period. In addition, systems such as Microsoft’s “Message Classification for Exchange Server” can be implemented at no cost, but have not yet been implemented to enable email users to appropriately classify messages and ensure they are retained in compliance with the policy.</p>	<ol style="list-style-type: none"> <li>1. Coordinate with Information Resources to evaluate and implement a system, such as Microsoft’s “Message Classification for Exchange Server” to enable email users to appropriately classify messages to ensure compliance with policy.</li> <li>2. Develop training materials and conduct user training during rollout to ensure users have adequate knowledge and can implement departmental procedures to successfully use the new system.</li> </ol>	<p><b><u>Management Action Plans:</u></b></p> <ol style="list-style-type: none"> <li>1. An initiative for fiscal year 2017 is planned to coordinate with Information Resources Senior Management to evaluate and implement, if feasible, an email classification system.</li> <li>2. Training materials and user training sessions will be conducted during rollout.</li> </ol> <p><b><u>Action Plan Owners:</u></b></p> <ol style="list-style-type: none"> <li>1. Assistant Vice President, Materials Management</li> <li>2. Asset Management Manager and Records Management Officer (RMO)</li> </ol> <p><b><u>Target Completion Dates:</u></b></p> <ol style="list-style-type: none"> <li>1. December 1, 2016</li> <li>2. March 1, 2017</li> </ol>



## Detailed Observations and Action Plans Matrix

Observation	Recommendation	Management Response
<p>Risk Rating: <b>Medium</b> ●</p> <p><b>3. Ensure Only Authorized Employees Can Access Records Stored Offsite</b></p> <p>Lists of users authorized to access records stored among the 19 Iron Mountain accounts are not being periodically obtained and reviewed to ensure they contain only active employees and names of terminated employees are not being communicated back to Iron Mountain for removal.</p> <p>It was noted these lists contain 244 terminated employees, enabling these former employees unauthorized access to recall UT Southwestern records.</p>	<p>Coordinate with the departments owning each of the 19 Iron Mountain accounts to implement a monthly process to update the respective lists of employees authorized to access UT Southwestern records and ensure they contain only active authorized employees. Communicate names of all terminated employees to the Iron Mountain account representative for immediate removal.</p>	<p><b><u>Management Action Plans:</u></b></p> <p>Monthly procedures will be implemented to coordinate with the departments owning the 19 Iron Mountain accounts to keep the lists of authorized users current. Lists will be obtained from Iron Mountain and any identified terminated users or other changes will be communicated to the Iron Mountain account representative for update.</p> <p><b><u>Action Plan Owners:</u></b></p> <p>Asset Management Manager and Records Management Officer (RMO) CFO, University Hospital</p> <p><b><u>Target Completion Dates:</u></b></p> <p>Completed</p>

## Detailed Observations and Action Plans Matrix

Observation	Recommendation	Management Response
<p><b>Risk Rating: Low ●</b></p> <p><b>4. Enhance Documentation of Departmental Procedures</b></p> <p>Enhancements to departmental procedures are needed for cross-training and usability in the event the Records Coordinator is not available for an extended period.</p> <p>The Records Coordinator is a key staff member without a fully trained backup or assistant in a department of two people. Numerous procedures and forms are documented, but a comprehensive centralized manual that indexes and describes all of these materials is missing.</p>	<p>Create a Records Management Department Procedure Manual to centrally locate and describe all department procedures performed by the Records Coordinator. This Manual should include items such as statement of the department's role at UT Southwestern, job descriptions, copies of forms, useful Intranet links, contact lists and key annual process dates.</p>	<p><b><u>Management Action Plans:</u></b></p> <p>We agree. A departmental procedure manual will be created and stored centrally to ensure duties performed by the Records Coordinator are documented adequately for cross-training and usability in the event the Records Coordinator is not available for an extended period. This manual will include a statement of the department's role at UT Southwestern, job descriptions, copies of forms, useful Intranet links, contact lists and key annual process dates.</p> <p><b><u>Action Plan Owners:</u></b></p> <p>Asset Management Manager and Records Management Officer (RMO)</p> <p><b><u>Target Completion Dates:</u></b></p> <p>Completed</p>

## Appendix A- Risk Classifications and Definitions

As you review each observation within the Detailed Observations and Action Plans Matrix of this report, please note that we have included a color-coded depiction as to the perceived degree of risk represented by each of the observations identified during our review. The following chart is intended to provide information with respect to the applicable definitions and terms utilized as part of our risk ranking process:

<b>Risk Definition - The degree of risk that exists based upon the identified deficiency combined with the subsequent priority of action to be undertaken by management.</b>	<b>Degree of Risk and Priority of Action</b>	
	<b>Priority</b>	An issue identified by internal audit that, if not addressed immediately, has a high probability to directly impact achievement of a strategic or important operational objective of a UT institution or the UT System as a whole.
	<b>High</b>	A finding identified by internal audit that is considered to have a high probability of adverse effects to the UT institution either as a whole or to a significant college/school/unit level. As such, immediate action is required by management in order to address the noted concern and reduce risks to the organization.
	<b>Medium</b>	A finding identified by internal audit that is considered to have a medium probability of adverse effects to the UT institution either as a whole or to a college/ school/unit level. As such, action is needed by management in order to address the noted concern and reduce risk to a more desirable level.
	<b>Low</b>	A finding identified by internal audit that is considered to have minimal probability of adverse effects to the UT institution either as a whole or to a college/ school/unit level. As such, action should be taken by management to address the noted concern and reduce risks to the organization.

It is important to note that considerable professional judgment is required in determining the overall ratings presented on the preceding pages of this report. Accordingly, others could evaluate the results differently and draw different conclusions.

It is also important to note that this report provides management with information about the condition of risks and internal controls at one point in time. Future changes in environmental factors and actions by personnel may significantly and adversely impact these risks and controls in ways that this report did not and cannot anticipate.