

Texas State Library and Archives Commission

IA # 2024-05 Internal Audit Follow-Up Procedures Report
over Records Center Services Prior Year's Open Internal
Audit Findings

July 24, 2024

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Commissioners of the Texas State Library and Archives Commission
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Austin, Texas 78701

This report presents the results of the internal audit follow-up procedures performed for the Texas State Library and Archives Commission (TSLAC) during the period April 25, 2024, through July 24, 2024, related to the findings identified in the prior year's internal audit over records center services performed in fiscal year 2023.

The objective of these follow-up procedures was to validate that adequate corrective action has been taken in order to remediate the issues identified in the prior fiscal years' internal audit report.

To accomplish this objective, we conducted interviews with key TSLAC personnel responsible for records center services. We also reviewed documentation and performed specific testing procedures to validate actions taken. Procedures were performed remotely and an exit meeting was conducted on July 24, 2024.

The following report summarizes the findings identified, risks to the organization, recommendations for improvement and management's responses.

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WEAVER AND TIDWELL, L.L.P.

July 24, 2024

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Background

In fiscal year 2023, we performed internal audit procedures over the Records Center Services process and reported our results to the Commission. The internal audit identified four areas for improvement related to developing a standard operating procedures, account reconciliations and invoice reviews, storage fee determination, and user access monitoring and management.

The 2024 Internal Audit Plan included performing procedures to validate that TSLAC management has taken steps to address internal audit findings.

Follow-Up Procedures Objective and Scope

The follow-up procedures focused on the remediation efforts taken by TSLAC management to address findings included in the 2023 Internal Audit Report over Records Center Services, and to validate that appropriate corrective action had been taken. The 2023 report identified the following findings:

- While TSLAC Records Center Services (RCS) maintain and utilize several process documents, there are some processes that do not have standard operating procedures, and procedures are not consistently followed by RCS personnel.
- TSLAC does not have a process to review or reconcile manually entered contract amounts within the Access database.
- TSLAC does not consistently utilize its written storage fee determination procedures or document a completed checklist.
- A periodic review of user training account access is not performed.

Our follow-up procedures included verification of the following:

- That TSLAC develops and communicates standard operating procedures for all records center services.
- That an account reconciliation and invoice review process has been developed and implemented.
- That TSLAC RCS management has developed procedures to document the storage fee calculation determination.
- That management has developed a policy and procedure that details the process by which the organization will TexLinx training user access accounts.

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Executive Summary

The findings from the prior year's records center services internal audit report includes those items that were identified and are considered to be non-compliance issues with TSLAC's policies and procedures, rules and regulations required by law, or where there is a lack of procedures or internal controls in place to cover risks to TSLAC. These issues could have significant financial or operational implications.

Through our interviews, review of documentation, observations and testing we determined that of the four prior findings, two were fully remediated, and two were partially remediated.

Risk Rating	Total Findings	Remediated	Partially Remediated
High	1	-	1
Moderate	3	3	-
Low	-	-	-
Total	4	3	1

A summary of our results is provided in the table below. See the Appendix for an overview of the Assessment and Risk Ratings.

FOLLOW-UP ASSESSMENT		Satisfactory
SCOPE AREA	RESULT	RATING
<p>Objective: Validate that adequate corrective action has been taken in order to remediate the issues identified in the prior fiscal years' internal audit reports.</p>	<p>We identified that procedures implemented by management addressed and remediated prior open findings. However, TSLAC should continue their efforts to remediate the remaining open findings:</p> <ul style="list-style-type: none"> • Work towards completing a complete standard operating procedure manual 	<p>Satisfactory</p>

Conclusion

Based on our evaluation, key personnel in each of their respective program areas made efforts to remediate the findings from the prior year's internal audit reports. However, management should continue to make efforts to remediate the two findings that are partially remediated.

TSLAC should continue work toward developing a standard operating procedure for all RCS processes.

Follow-up procedures will be conducted in Fiscal Year 2025 to validate the effectiveness of the remediation efforts taken to address the remaining open finding.

**Detailed Follow-Up Results, Findings,
Recommendations and Management
Response**

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Detailed Follow-Up Results, Recommendations and Management Response

Our procedures included interviewing key personnel responsible for Records Center Services to gain an understanding of the corrective actions taken in order to address the findings identified in the 2023 Internal Audit over Records Center Services as well as examining existing documentation and performing testing in order to validate those corrective actions. We evaluated the existing policies, procedures, and processes in their current state.

Objective: Validate Remediation

Validate that adequate corrective action has been taken in order to remediate the issues identified in the 2023 Internal Audit over Records Center Services.

Security

Finding 1 – High – Standard Operating Procedures:

While TSLAC Records Center Services (RCS) maintain and utilize several process documents, there are some processes that do not have standard operating procedures, and procedures are not consistently followed by RCS personnel. Currently, TSLAC has established procedures for most processes within Records Storage Fee Determination, Records Acceptance, Inventory Tracking, Records Request, Accounting, Imaging, Document Destruction, and Delivery and Transfer processes; however, the utilization of the policies and procedures is inconsistent.

Although TSLAC has processes in place for Records Center Service operations, the lack of compliance with policies and procedures has caused inconsistent documentation, file retention, and performance throughout routine procedures.

We selected samples and tested TSLAC's processes. We identified the following exceptions:

- Records Acceptance/Pick-Up:
For one of the 25 samples selected out of the 938 new accessions for our scope period, TSLAC was unable to provide support that the records were received and stored.
- Records Requests/Deliveries:
For seven of the 27 selected samples TSLAC did not consistently maintain documentation for record requests and deliveries to ensure that items requested were accurately fulfilled and that records were requested by authorized TexLinx users.
- Document Destruction:
For five of the 10 samples selected out of the 113 batches for document destruction, the support provided was incomplete.

Results: Finding partially remediated

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We verified that TSLAC has added new policies in Fiscal Year 2024. However, records storage and imaging services are still in the process of developing policies for all subprocesses. Some policies need to be reviewed for any updates to procedures.

Management Response: Management agrees with the status of the finding. We will continue to update policies for the areas of records storage and imaging services that have not yet been reviewed.

Responsible Party: Director, State and Local Records Center

Implementation Date: December 31, 2024

Accounting

Finding 2 – Moderate – Account Reconciliation and Invoice Reviews:

TSLAC does not have a process to review or reconcile manually entered contract amounts within the Access database. For one of the seven contract amendment samples selected out of 25 total amendments, the contract amount was not appropriately changed in Access. Currently, accounting reviews contracts and amendments for accuracy and completion and manually enters the details into Access for invoicing and reconciliations.

Results: Finding remediated

We verified that TSLAC has developed a account reconciliation and invoice review process. We reviewed two monthly account reconciliations for December 2023 and February 2024. The account reconciliation log included the initials of the preparer and reviewer, review date, and whether conflicts were identified.

Records Storage Fee Determination

Finding 3 – Moderate – Storage Fee Determination:

TSLAC does not consistently utilize its written storage fee determination procedures or document a completed checklist. For the fiscal year 2023, the Director of the State and Local Records Management (SLRM) division has not reviewed or updated the written storage fee determination procedures or checklist since the fiscal year 2021 fee calculation. Annually, the SLRM Director uses written procedures and an accompanying checklist to develop proposed Records Storage Fee Schedules for the following fiscal year. The procedures and checklist provide information regarding the documents gathered, reviewed, updated, and filed as part of the development of new annual fee schedules for services provided by the State Records Center and Imaging Departments.

Results: Finding remediated

We verified that TSLAC has an updated checklist in use for Fiscal Year 2024. Some items on the checklist have not yet occurred due to their timing in the calendar year. However, all portions of the checklist that have occurred were complete.

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System Access

Finding 4 – **Moderate** – User Access Monitoring and Methodology:

TSLAC does not have a process for user access reviews to ensure that a list of training user accounts is centrally maintained. TSLAC TexLinx administrators create generic accounts for training purposes. However, not all the administrators use the same training accounts, which allows someone with access to the training accounts unauthorized access to TexLinx. A common email address is typically used for training user accounts so that they can be identified, however, this process has not been implemented as a standard process for all administrators to use when creating such accounts.

Results: Finding remediated

We verified that TSLAC has developed a training user access review process. TSLAC has removed generic user IDs for training purposes. For trainings, trainees use their user id but are assigned to a generic state agency. After training, the users are moved to their appropriate agency.

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The appendix defines the approach and classifications utilized by Internal Audit to assess the residual risk of the area under review, the priority of the findings identified, and the overall assessment of the procedures performed.

Report Ratings

The report rating encompasses the entire scope of the engagement and expresses the aggregate impact of the exceptions identified during our test work on one or more of the following objectives:

- Operating or program objectives and goals conform with those of the agency
- Agency objectives and goals are being met
- The activity under review is functioning in a manner which ensures:
 - Reliability and integrity of financial and operational information
 - Effectiveness and efficiency of operations and programs
 - Safeguarding of assets
 - Compliance with laws, regulations, policies, procedures and contracts

The following ratings are used to articulate the overall magnitude of the impact on the established criteria:

Strong

The area under review meets the expected level. No high risk rated findings and only a few moderate or low findings were identified.

Satisfactory

The area under review does not consistently meet the expected level. Several findings were identified and require routine efforts to correct, but do not significantly impair the control environment.

Unsatisfactory

The area under review is weak and frequently falls below expected levels. Numerous findings were identified that require substantial effort to correct.

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Risk Ratings

Residual risk is the risk derived from the environment after considering the mitigating effect of internal controls. The area under audit has been assessed from a residual risk level utilizing the following risk management classification system.

High

High risk findings have qualitative factors that include, but are not limited to:

- Events that threaten the agency's achievement of strategic objectives or continued existence
- Impact of the finding could be felt outside of the agency or beyond a single function or department
- Potential material impact to operations or the agency's finances
- Remediation requires significant involvement from senior agency management

Moderate

Moderate risk findings have qualitative factors that include, but are not limited to:

- Events that could threaten financial or operational objectives of the agency
- Impact could be felt outside of the agency or across more than one function of the agency
- Noticeable and possibly material impact to the operations or finances of the agency
- Remediation efforts that will require the direct involvement of functional leader(s)
- May require senior agency management to be updated

Low

Low risk findings have qualitative factors that include, but are not limited to:

- Events that do not directly threaten the agency's strategic priorities
- Impact is limited to a single function within the agency
- Minimal financial or operational impact to the organization
- Require functional leader(s) to be kept updated, or have other controls that help to mitigate the related risk