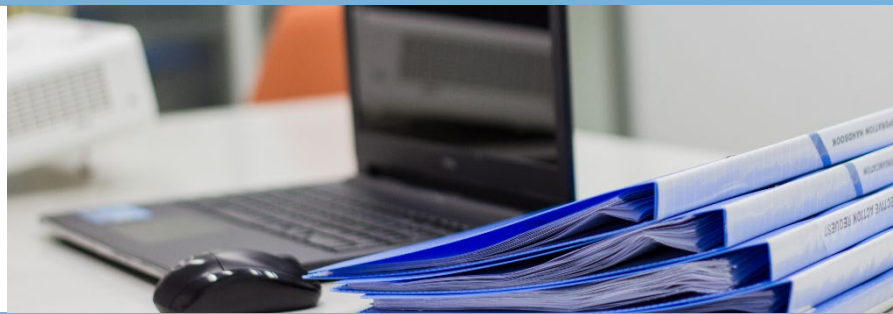


Western Australian Auditor General's Report



Records Management in Local Government



Report 17: April 2019

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WESTERN AUSTRALIAN AUDITOR GENERAL'S REPORT

Records Management in Local Government

Report 17
April 2019



**THE PRESIDENT
LEGISLATIVE COUNCIL**

**THE SPEAKER
LEGISLATIVE ASSEMBLY**

Records Management in Local Government

This report has been prepared for submission to Parliament under the provisions of section 25 of the *Auditor General Act 2006*.

This was a narrow scope performance audit, conducted under section 18 of the *Auditor General Act 2006* and in accordance with Australian Auditing and Assurance Standards. Narrow scope performance audits have a tight focus and generally target compliance with legislation, public sector policies and accepted good practice.

The audit objective was to determine if local government entities effectively manage their records to promote accountable and transparent decision making.

I wish to acknowledge the cooperation of staff at the local government entities included in this audit.

A handwritten signature in black ink, appearing to read 'Caroline Spencer'.

CAROLINE SPENCER
AUDITOR GENERAL
9 April 2019

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Auditor General's overview

During our audit work, my staff and I are constantly reminded of the importance of good recordkeeping for a well-functioning public sector. As Auditor General I am also an ex-officio member of the State Records Commission. This is a role I accept with enthusiasm, as I am eager to support the proper safeguarding and integrity of official records. Good records support good decision-making, effective business practice and improve accountability and efficiency – they are a cornerstone of good governance. For this reason, it is relevant that the implementation of State Records Commission-approved recordkeeping plans was examined as one of our first local government performance audits.



My Office has audited records management by state government entities several times in the last few years. These audits consistently found that entities do not prioritise good recordkeeping. Too often records management is treated as an additional task rather than being integrated into normal business practice. Unfortunately, this audit tells a similar story.

I acknowledge that local government entities can differ significantly in size, complexity and the resources they have available for records management. However, the basic principles of good recordkeeping should not require a resource intensive approach. I encourage all local government entities to read this report and to consider the findings and recommendations in light of their own circumstances, including using Appendix 1 as a guide for self-assessment.

Executive summary

Introduction

The objective of this audit was to determine if local government entities (LGs) effectively manage their records to promote accountable and transparent decision making. Our audit was a snapshot of recordkeeping practice in 4 LGs with a diverse range of characteristics. We reviewed a small number of records at each LG, restricted to important areas where we expected to see good recordkeeping practice.

Background

LGs are involved in a range of activities and make decisions on a daily basis that directly impact their local community. These activities include waste management, recreational facilities, planning approvals, home business and short-term rental applications, health inspections and pet management. In addition, councillors debate, set policy and can make local government rules and resolutions. All of these activities generate records.

The definition of a government record is:

'a record created or received by a government organisation or a government organisation employee in the course of the work for the organisation¹.'

Figure 1: State Records Act 2000 definition of a record

Records can take many forms including letters, memos, emails, photos, videos, recordings and social media posts. They are important because they are the corporate knowledge of an organisation, independent of staff turnover. They may also form important evidence in legal proceedings or have priceless value as an historic record. Most importantly, records and good recordkeeping practice promote accountable and transparent decision making.

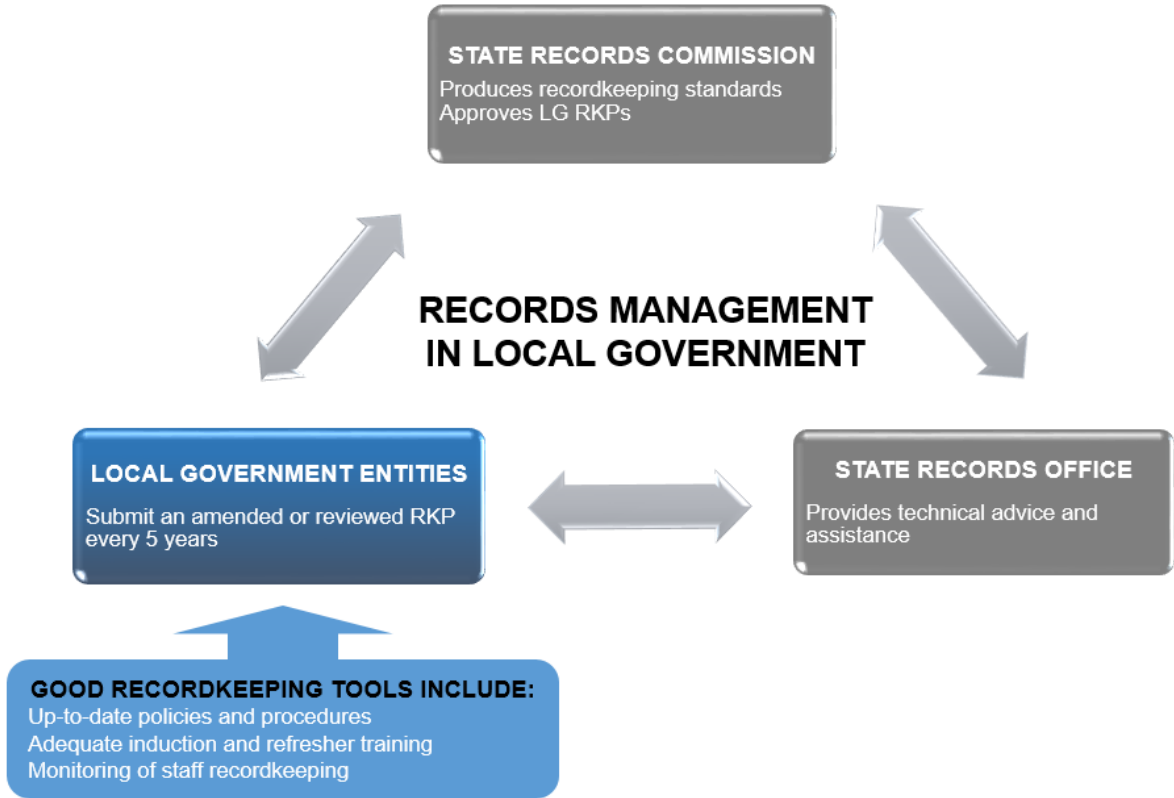
The *State Records Act 2000* (the Act) sets the framework for records management of state and local government entities. Under the Act, the State Records Commission is required to produce standards and principles. The Act also requires all government entities, including LGs, to develop a recordkeeping plan (RKP) outlining how they will comply with the standards and principles. RKPs must be approved by the State Records Commission.

The RKP is used to define key business activities and functions and to demonstrate that recordkeeping tools are in place. These include:

- policies and procedures to support the RKP
- consistent identification and naming of records
- preservation, retention and disposal of records
- compliance activities such as:
 - staff training
 - monitoring and evaluation of records management practice
 - compliance reporting.

¹ [State Records Act 2000](#), Section 3, p.3.

The State Records Office (SRO) provides administrative assistance and technical advice to the State Records Commission. It also provides advice to LGs and other government entities on the development of RKPs and feedback once the RKP has been submitted for approval. Every 5 years, LGs must submit an amended or reviewed RKP for approval. These relationships are shown in Figure 2.



Source: OAG using information from the State Records Commission with blue shading showing areas within this audit scope.

Figure 2: LG recordkeeping plan relationships

Audit conclusion

The 137 local governments and 9 regional councils we checked have recordkeeping plans approved by the State Records Commission, as required. However, the 4 LGs we reviewed were not effectively implementing them, or managing their records to promote accountable and transparent decision making. Recordkeeping tools that support implementation, such as policies and procedures, training, and monitoring were not adequately developed. LGs could also do more to better protect their digital records.

Key findings

- Recordkeeping plans are approved but lack supporting policies and procedures.
 - Recordkeeping plans are current and approved.
 - Recordkeeping plans are not supported by adequate LG policies and procedures.
- Implementation of recordkeeping plans is poor.
 - More regular and thorough records training is needed.
 - LGs do limited monitoring of staff records management practice.

- Records are often held too long.
- Important records are not properly managed.
 - Some records were missing or difficult to find.
 - Records were often stored outside records management systems.
- Protection of records is mixed.
 - Physical records were generally well managed.
 - Digital records recovery could be better.

Recommendations

All LGs, including those not sampled in this audit, should review their recordkeeping policies and procedures to ensure they adequately support their RKP. LGs should implement:

- regular and thorough records training
- regular reviews of staff recordkeeping practices
- timely disposal of records
- adequate protection over digital records.

Under section 7.12A of the *Local Government Act 1995*, all sampled LGs are required to prepare an action plan addressing significant matters relevant to their entity for submission to the Minister for Local Government within 3 months of this report being tabled in Parliament and for publication on the entity's website. The action plan for every LG in our sample should address each point above.

Response from audited local government entities

The 4 LGs in our sample have accepted the audit findings and recommendations. They all recognise the importance of continuous improvement in their recordkeeping practices.

Most LGs advised they were planning to address findings in the near future, with some being addressed already.

One LG commented that it is a challenge for smaller sized LGs to find a balance between cost and benefit in relation to records management controls. This LG felt that the findings confirmed they had achieved the right balance.

Audit focus and scope

The audit objective was to determine if Western Australian local government entities (LGs) effectively manage their records to promote accountable and transparent decision making.

The specific lines of inquiry were:

- Do LGs have approved and current recordkeeping plans (RKPs), and supporting policies and procedures?
- Are key business activities and decision making records managed in line with RKPs?
- Do recordkeeping systems appropriately secure physical and electronic records against inappropriate access, alteration or destruction?

We checked to see if 146² LGs had approved RKPs in place as required and reviewed the following 4 LGs in detail:

- City of Canning (Canning)
- Eastern Metropolitan Regional Council (EMRC)
- Shire of Toodyay (Toodyay)
- Town of Mosman Park (Mosman Park).

We visited these LGs and interviewed senior management, records management staff and staff in relevant business areas. We assessed whether their RKPs reflected current practice and if planned actions or improvements were being implemented. We also assessed whether policies and procedures were in place and being followed.

Areas we examined included human resource records, planning approval records and health inspection records. At EMRC our sampled records included complaints and waste management issues.

We liaised with the State Records Office to discuss interpretation and expectations around compliance with recordkeeping standards and principles. We also spoke with the Director General, National Archives of Australia, about emerging issues and good practice.

This was a narrow scope performance audit, conducted under section 18 of the *Auditor General Act 2006* and in accordance with Australian Assurance Standards ASAE 3500 Performance Engagements. We complied with the independence and other relevant ethical requirements related to assurance engagements. Performance audits primarily focus on the effective management of agency and LG programs and activities. The approximate cost of undertaking the audit and reporting is \$198,000.

² This includes WA's 137 local governments and 9 regional councils, but excludes the 2 Indian Ocean Territories.

Findings

Recordkeeping plans are approved but lack supporting policies and procedures

We found all 146 LGs have had their RKPs approved by the State Records Commission as required by the *State Records Act 2000* (the Act). However, we found that the 4 LGs in our sample had RKPs that were not supported by appropriate policies and procedures.

Consequently, the responsibility for good recordkeeping is left to individual staff and is not embedded into business practice. This can lead to inefficiencies and risks such as:

- double handling of records
- poor controls over identification, naming, and location of records affecting retrieval processes
- failure to plan for and test records disaster recovery.

Recordkeeping plans are current and approved

At 30 June 2018, all 146 LGs had approved RKPs as required by the Act. We found that 78% of LGs submitted an amended or reviewed RKP on time, in the 5 years to 30 June 2018. A further 21% had submitted their RKPs within 3 months of the target, with only 1% failing to submit within 6 months. While there is room for LGs to improve the timeliness of RKP approval, most LGs demonstrate a timely commitment to meet good recordkeeping standards. RKPs demonstrate compliance with the State Records Commission's recordkeeping standards and principles.

Recordkeeping plans are not supported by adequate policies and procedures

We found the 4 LGs we sampled had records management policies. However, they were inadequate and often had not been reviewed, updated and approved to reflect current management expectations for recordkeeping.

The State Records Commission requires the recordkeeping policies and procedures of an entity to clearly set out roles and responsibilities for staff, and to cover all aspects of an organisation's business operations. We expected to see policies and procedures that provided guidance and support for individual business area recordkeeping and management of sensitive records. LGs, like many organisations, are using social media to engage with their community, they are also faced with the challenge of transitioning from paper-based to digital records. We therefore expected to see appropriate guidance around both of these areas of operation. Table 1 shows these areas were rarely covered.

	Canning	Mosman Park	Toodyay	EMRC
Business area roles and responsibilities	●	●	●	●
Management of sensitive records	●	●	●	●
Digitisation of records	●	●	●	●
Social media	●	●	●	Does not have social media

Source: OAG using information from LGs reviewed

● Did not meet expectations ● Partially met expectations* ● Met expectations

*Policy developed but not yet approved or implemented.

Table 1: LG coverage of key recordkeeping roles and responsibilities in policy and procedure

Implementation of recordkeeping plans is poor

Across the LGs we sampled, we found weaknesses in:

- regular and thorough records training
- monitoring of staff recordkeeping practice
- timely disposal of records.

This demonstrates that LGs are not using key tools effectively to support the implementation of RKPs.

More regular and thorough records training is needed

All of the LGs we reviewed provided some records management training to their staff. However, only EMRC included it as part of a formal induction process, with the rest providing training within a few months of starting the job. None of them regularly provided refresher training, and 3 of the 4 LGs did not deliver job-specific records training. Job-specific records training is important because different areas of the LG will have different records management requirements. For example, property planning records will be managed differently to human resource records. Table 2 illustrates training provided by the sampled LGs.

	Canning	Mosman Park	Toodyay	EMRC
Records management training for new staff	●	●	●	●
Refresher training	●	●	●	●
Job-specific	●	●	●	●

Source: OAG using information from LGs reviewed

● Not done ● Done

Table 2: LGs records management training

We noted the 4 LGs had poor records of which staff had completed records management training. Without regular and sufficiently detailed training, staff may not fully understand their record keeping responsibilities or how to meet them. This may lead to records being inadvertently lost, altered or destroyed.

LGs do limited monitoring of staff records management practices

None of the LGs were periodically reviewing their recordkeeping practice. Canning, Mosman Park and Toodyay performed limited monitoring of the records management practices of their staff. EMRC was not doing any monitoring. The State Records Commission requires regular review of the efficiency and effectiveness of the recordkeeping training program to highlight any areas of records management that need attention or improvement. A practical way to review the effectiveness of training is by monitoring recordkeeping practices. When we spoke to LGs they hadn't considered regular review as an important tool to assess good recordkeeping. Regular review could include:

- checking location of physical records
- monitoring that key business records have been captured
- checking for storage of digital records outside approved records management systems
- checking contractor records management practices.

Records are often held too long

The SRO's publication *General Disposal Authority for Local Government Records* sets out the minimum times for retention of various types of records. Each of our sampled LGs had recognised this disposal authority in their RKPs but none were effectively implementing it. None were disposing of digital records and only Toodyay and Mosman Park were disposing of physical records in accordance with the disposal authority.

Canning had placed its disposal program on hold at the time of our audit and advised they were behind in conducting retention and disposal activities. Canning stores the bulk of its physical records in contracted offsite storage facilities. Keeping records for too long creates unnecessary storage costs, especially for physical records but also for digital records.

The SRO found in a recent survey that 66% of state and local government entities do not conduct authorised destruction of their digital records. They warned of an impending "digital landfill"³.

Figure 3: SRO finding from its publication 'Born Digital: Managing Government Information and Data'

If records are held too long, record searches can become inefficient and agencies can potentially expose themselves to incidents of personal data breaches if they store sensitive records beyond prescribed periods. To avoid unnecessary storage costs, LGs should regularly review onsite and offsite physical and digital records in line with the disposal authority.

³ State Records Office, 2018, [Born Digital: Managing Government Information and Data](#), p.9.

Important records are not properly managed

EMRC, Mosman Park and Toodyay had records that were missing or not available on request. All 4 LGs reviewed had important records stored outside their approved records management systems.

Some records were missing or difficult to find

We sampled a small number of important records at each LG. Records that were missing or difficult to find at 3 out of the 4 LGs included:

- contract documents
- human resource records such as required police clearances, reference checks, job position descriptions and staff qualifications
- property planning approvals including assessment sheets and copies of certificates of title
- complaint correspondence.

For example, at Toodyay we were unable to find reference checks for 5 of the 6 human resource files we reviewed, including for a senior management position. We have previously recommended state government entities keep sufficient evidence to demonstrate that an employee's identity, professional qualifications, and right to work in Australia were checked before employment⁴. The same would apply to LGs.

We were also unable to find within a reasonable time, 2 out of 5 property planning assessment sheets at Mosman Park and a signed acceptance and agreement document for an important contract at EMRC.

Missing or difficult to find records indicate failings in the way records are managed. Timely access to records supports good decision making and efficient and effective use of limited staff resources.

Importance of good records management – Mosman Park

We noted during the audit that Mosman Park retrieved building and engineering works approval documents as part of an external investigation. It was able to do so quickly and this gave us some confidence in the records management processes for the building services area. It also provided a timely reminder of the importance of records being appropriately created and easily retrievable.

Figure 4: Example of good records management

Records were often stored outside records management systems

We found all 4 LGs stored some finalised records outside of their approved records management systems. Specifically:

- All LGs stored records on network drives that were not captured by or linked to the approved records management system. One of the LGs had a large number of records stored in this way and another had some sensitive human resource records stored without appropriate access security.

⁴ Office of the Auditor General, 2015, [Verifying Employee Identity and Credentials](#), p.11.

- Canning kept records on business systems that were not identified in its RKP. None of these systems had sufficient records management functionality so they were linked into the record management system. However improper links caused dumping of thousands of records into the records management system without retaining or setting meta-data to allow easy searching, retrieval, retention and disposal.

Business systems can be, and often are, used as records management systems. But they must either have records management functionality or final records must be captured in a records management system to allow records to be efficiently and effectively managed. Records management systems typically allow users to:

- create and capture records
- apply meta-data to allow for easy retrieval such as standardised classification and thesaurus, title, author, creation date and custodian
- apply timeframes and triggers for retention, disposal and archiving
- apply appropriate security and access controls for records.

Storing records outside approved systems increases the risk they will be lost, altered, or destroyed. It can also make records processing for retention, disposal or archiving far more difficult and time consuming.

Protection of records is mixed

We found the 4 sampled LGs were generally managing the preservation and security of physical records well. However, the preservation and security of digital records could be improved.

Physical records were generally well managed

All of the sampled LGs stored physical records on site, with Canning and Mosman Park also using contracted offsite storage facilities to manage records. Security of on-site storage was generally well managed in the following areas:

- access restriction through logged card or key entry
- temperature and humidity controls
- fire alarms and suppression equipment
- disaster recovery kits.

However, EMRC had poor controls over who had access to keys to storage facilities and none of the LGs were meeting their RKP commitments to regularly inspect on-site storage facilities to ensure conditions were appropriate for their records. Mosman Park advised they no longer needed to regularly inspect because they had moved many of the records offsite. We noted they had not documented the decision that this RKP commitment was no longer relevant. When management considers RKP commitments are no longer relevant they should document those decisions and where necessary update the RKP and supporting policies and procedures.

We did not audit contracted offsite records storage facilities but we did visit one of the providers and observed good security and preservation arrangements. It is good practice for LGs to embed sound security, preservation and destruction arrangements into their contracts and satisfy themselves that they are being met.

Taking action to improve preservation of records – Toodyay

In 2013, Toodyay decided to build a dedicated fire retardant records room to improve its records storage facility as part of its commitment to better preserve its records. In 2016, Toodyay repurposed an old depot facility for storage of records. The new storage facility now helps to preserve records in the event of a disaster and also creates a more organised space to allow for the efficient access and disposal of physical records.



Figure 5: Case study showing the shipping container previously used by Toodyay and the current records storage facility

Digital records recovery could be better

The 4 LGs we reviewed were at varying stages of maturity in planning for and implementing disaster recovery processes for their records. We found that 3 of the 4 LGs had a records disaster recovery plan, but 1 did not. None had tested their disaster recovery plans to check they met required timeframes for recovery of digital records. Results of our testing are summarised in Table 3.

	Canning	Mosman Park	Toodyay	EMRC
Records Disaster Recovery Plan (RDRP)	●	●	●	●
Digital records adequately covered in RDRP	●	●	●	●
Regular back-up of digital records	●	●	●	●
Testing of digital back-ups	●	●	●	●

Source: OAG using information from LGs reviewed

● Did not meet expectations ● Met expectations

Table 3: Status of disaster recovery planning for digital records

We have previously reported on the importance of periodically testing disaster recovery plans, including for digital records⁵. Such planning and testing is vital as it provides for the rapid recovery of important records in the event of an unplanned disruption affecting business operations and services. LG management should develop and regularly test disaster recovery plans.

⁵Office of the Auditor General, 2018-19, Report 1 [Information Systems Audit Report](#), p.47.

Appendix 1: Better practice principles

The following table provides a high level summary of the State Records Commission (SRC) Standard 2 for Recordkeeping Plans. The 6 principles represent good practice expectations of the SRC. They were also the basis for our assessment of recordkeeping practice at the LGs we reviewed. Our listed expectations are not exhaustive and do not cover all of the SRC minimum compliance requirements in Standard 2.

Recordkeeping plans		
Principles	SRC expectation	Our expectation
Principle 1 Proper and Adequate Records	<ul style="list-style-type: none"> records are created and kept which properly and adequately record the performance of the organisation's functions records are consistent with any written law to which the organisation is subject when performing its functions 	<ul style="list-style-type: none"> recordkeeping plan approved records of important business decisions or activities can be easily found
Principle 2 Policies and Procedures	<ul style="list-style-type: none"> recordkeeping programs are supported by policy and procedures 	<ul style="list-style-type: none"> policy and procedures are up-to-date policy and procedures are in place for each business area
Principle 3 Language Control	<ul style="list-style-type: none"> appropriate controls are in place to identify and name government records 	<ul style="list-style-type: none"> an appropriate tool is used to systematically and consistently identify and name records
Principle 4 Preservation	<ul style="list-style-type: none"> records are protected and preserved 	<ul style="list-style-type: none"> Records disaster recovery plans are developed and tested storage facilities are assessed in line with SRC Recordkeeping Maturity Model
Principle 5 Retention and Disposal	<ul style="list-style-type: none"> records are retained and disposed of in accordance with an approved disposal authority 	<ul style="list-style-type: none"> an approved disposal authority is adopted and regularly used
Principle 6 Compliance	<ul style="list-style-type: none"> employees comply with the recordkeeping plan 	<ul style="list-style-type: none"> staff receive regular records refresher training staff receive business area specific records training staff record keeping practice is monitored

The SRC Policies and Standards are available on the SRO website: [Recordkeeping Policies and Standards](#).

Auditor General's Reports

Report number	Reports	Date tabled
16	Management of Supplier Master Files	7 March 2019
15	Audit Results Report Annual 2017-18 Financial Audits of Local Government Entities	7 March 2019
14	Opinions on Ministerial Notifications	13 February 2019
13	Opinion on Ministerial Notification	23 January 2019
12	Managing Disruptive Behaviour in Public Housing	20 December 2018
11	Opinions on Ministerial Notifications	20 December 2018
10	Opinions on Ministerial Notifications	18 December 2018
9	Treatment Services for People with Methamphetamine Dependence	18 December 2018
8	Opinions on Ministerial Notifications	10 December 2018
7	Audit Results Report – Annual 2017-18 Financial Audits of State Government Entities	8 November 2018
6	Opinion on Ministerial Notification	31 October 2018
5	Local Government Procurement	11 October 2018
4	Opinions on Ministerial Notifications	30 August 2018
3	Implementation of the GovNext-ICT Program	30 August 2018
2	Young People Leaving Care	22 August 2018
1	Information Systems Audit Report 2018	21 August 2018

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