



Robert E. Antonacci II, CPA  
Comptroller

COUNTY OF ONONDAGA

Office of the  
*County Comptroller*

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James V. Maturo  
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December 21, 2009

The Honorable County Executive  
The Chair of the County Legislature  
The Chair of the Ways and Means Committee  
The Chair of the County Planning and Economic Development Committee  
The Administrator for Physical Services  
The Chief Fiscal Officer  
The Commissioner of the Department of Information Technology  
The Clerk of the County Legislature


An audit of Iron Mountain's records management contract administered by the Department of Information Technology has been completed. The focus of our examination was the financial and records management controls relating to this contract.

This audit notes fiscal controls need improvement and in general the department's management should obtain a clearer understanding of their role as the contract administrator as it relates to the expectations other departments have of Iron Mountain and Information Technology's responsibilities. Some of the issues are beyond the controls of Information Technology as they cross a multitude of departments and should be addressed at the Executive level through a countywide administrative directive.

We conducted our audit in accordance with Generally Accepted Auditing Standards, Government Auditing Standards issued by the Comptroller General of the United States, the provision of the Office of Management and Budget (OMB) Circular A-133 and the Audits of State and Local Governments. Generally Accepted Auditing Standards require we plan and perform the audit to obtain reasonable assurance about whether the financial records are free of material misstatements. An audit includes examining on a test basis, evidence supporting the amounts and disclosures in the financial records. An audit includes assessing the accounting principles used and significant estimates used by management, as well as evaluating the overall financial records in compliance with established policies and procedures. It is the responsibility of the department to ensure the financial records are accurate, complete and that established policies are adhered to.

The recommendations, when implemented will strengthen internal controls and facilitate the management of stored records.

Sincerely,

  
Robert E. Antonacci II, CPA

This is a limited scope audit of the Iron Mountain Records Management (IM), Inc. six-year contract for records storage and management services effective January 1, 2003 through December 31, 2008. Page two of the original contract (CT49803) states in part... "Information Technology, (IT) hereby designated to act on behalf of the County in directing and reviewing the services required herein. The contractor shall report directly to the commissioner, or other designee."

## **Financial Oversight**

1. The encumbrances and expenditures have exceeded the actual contract award and subsequent amendments by approximately \$125,000 and \$109,231, respectively. The initial contract award and amendments for CT49803 totaled \$531,547. According to FAMIS, as of 7/21/09 the total encumbrances posted equaled \$656,747 and the expenditures were approximately \$640,778 resulting in the above differences.

*The individual responsible for managing Information Technology's contracts should ensure encumbrances and expenditures do not exceed the actual authorized contract award. The department should devise and implement management review procedures.*

*The individual in the Comptroller's Claims unit should ensure all encumbrances and expenditures prepared by County departments are in fact within their authorized limits.*

2. We question the overall financial monitoring of the monthly invoices as detailed bills are not compared to contractual prices. Monthly invoices consist of a summary detail and individual divisional detail charges. Proper internal controls would be to compare and ensure the amounts charged for services are in accordance with contract terms and conditions. This can be accomplished through a review of the individual divisional detail reports. Based on our understanding, the invoice and supporting documentation is mailed to IT's 16<sup>th</sup> floor and individuals from Voice Communications pick up the bill. Voice Communications maintains the divisional detail supporting the overall invoice amount and enters departmental summary charges into an Excel spreadsheet. This spreadsheet is used to assist the fiscal unit in preparing interdepartmental bills and in essence this process ensures the overall detail agrees to the invoice. The summary section, not the detail, is then forwarded to the Fiscal unit. The same individual in the Fiscal unit prepares and authorizes the contract claim. Also, based on conversations, there appears to be a miscommunication between Voice Communication, the Fiscal unit and the roles each is performing.

Furthermore, IT was unable to provide documentation supporting the service fees charged by IM for 2007 and 2008. Based on the cost escalation factor detailed on Schedule A, which was attached to the contract, our office determined the 2007 service fees. These prices were reviewed and confirmed by IT personnel. The 2008 prices were not based on an escalation factor but could be adjusted by IM. Based on our request, IM provided 2008's contract prices.

*We recommend IT implement review procedures to ensure the charges at the division level are in accordance with contract pricing and internal controls are improved to address the segregation of duties. A modification to the current Excel file will facilitate the selection of detailed reports for review purposes.*

3. We noted incorrect fees were charged for 11 services during our testing of 2007 invoices. Ten fees were higher and one was lower as compared to our calculation of 2007 service fees. We extrapolated these differences based on averages and estimated an approximate over charge of \$2,300. This should be considered a very rough approximation, as an actual determination should be based on volume of records handled.

IM also billed for fuel surcharges in 2007 and 2008 and commencing in 2009 it started to charge a “minimum service charge per order” fee. We also, question the payment of a nominal monthly administrative fee. We do note Schedule A contains the following clause, “All Other services, not specifically listed will be charged at Iron Mountain’s then current rates.” Note, one department had approximately \$530 in monthly services and incurred a monthly total of \$150 in minimum service charges. We question the payment of these charges, as they do not appear to represent additional services but a means to recover additional operating costs. Furthermore, we were unable to obtain any written authorized documentation whereby the County agreed to pay for these additional charges.

*We recommend IT accurately determine the magnitude of the discrepancies in 2007’s service fees. We question the payment of the fuel surcharge and minimum service charge per order, as these costs were not specifically addressed in the contract. We suggest all charges expressed or implied are listed and attached to future contracts and all price increases are reviewed and authorized in writing by a County administrator or designee.*

4. We noted the following for contract year 2009: The last amendment expired March 31<sup>st</sup>, 2009. IT informed us an amendment was submitted in April but has not been returned by IM. Additionally, IT informed us the prices charged for 2009 should have been the same as 2008’s. IM’s Sales Representative confirmed this matter. However, effective April 1<sup>st</sup>, 2009 new prices were charged to Onondaga County. The representative indicated IM will not adjust its past monthly billing but will give the County a lump sum credit. The representative has estimated a credit as of August 31<sup>st</sup> of approximately \$5,800. The spreadsheet was reviewed and we noted minor service price discrepancies.

*We suggest IT implement internal procedures to track the status of contracts and amendments. We also suggest IT verify the accuracy of any credit determined by IM.*

5. IT expressed concerns of duplicate billing of trip charges. Information to perform this review was requested of IM by IT on several occasions. As of October 31<sup>st</sup> IM has not provided information to perform this task. The Sales Representative’s understanding is trip charges is an allocation based on a driver’s log and the number of departments serviced for a given day. During our review of invoices we did note fractional allocations for several trip charges. However, due to the lack of information we were unable to perform a proper review.

*We suggest IT obtain a full understanding of the trip charge allocation and verify their accuracy on a periodic basis. Consideration should be given to formally addressing this issue in the contract.*

6. IM’s Sales Representative mentioned other administrative reports are available for forecasting future costs and reviewing departmental activity.

*We suggest IT obtain a full understanding of IM's managerial fiscal/records reports, evaluate their usefulness and receive the necessary training to generate future reports.*

7. We noted the department paid late payment fees for ten months in 2008 and one of the two months paid in 2009 in the amount of approximately \$1,444 and \$167, respectively. The controls currently in place are not time consuming and should not have caused a delay in payment processing. We were also informed some invoices were held up due to the vendor not providing the required insurance documentation in a timely manner. In these cases the late fees were still paid. However, we were unable to confirm this allegation as supporting documentation was not maintained. We were also unable to determine processing delays within the department, as only one invoice was time stamped.

*The County should not be responsible for late fees when the vendor has not supplied the required information. We strongly recommend the Fiscal unit document any payment delays caused by the vendor's lack of required information. We recommend the department date stamp the invoices upon receipt from the vendor as well as internally within the department. These funds should be returned to the County.*

8. We noted IT does not bill the Combined Courts, Court Administration, Surrogate Court, and Family Court for Iron Mountain's records management services. It is IT's position that these costs are the responsibility of Onondaga County. However, we cannot find any conclusive documentation supporting this reasoning. The total cost for these services for the first six months of 2009 and calendar year 2008 is approximately \$9,500 and \$19,000, respectively.

*We recommend IT request the assistance of the County Law Department to research this matter and render a legal opinion.*

## **Records Management**

9. We noted numerous departments have records that are past their destruction review dates and appear eligible for destruction. User departments are responsible for determining the legal requirements for the retention of their records and providing IM with this information. Records no longer incur the nominal storage fee once they are destroyed or permanently removed from IM's facility. This occurs after IM receives the proper authorization from respective departments. Based on IM's destruction forecasting report, 2,273 boxes are past due prior to 2009 and 130 are past due this year. See illustration on next page.

Department	Destruction Review Range		Cubic Feet	Number of Boxes
Health	12/31/98	8/1/09	1,027.20	856
Probation	12/31/03	12/31/08	416.40	347
E-911	1/1/02	1/2/09	319.20	266
Purchasing	12/31/99	1/1/09	280.80	234
Social Services	12/31/02	1/1/09	229.20	191
Mental Health	12/31/02	6/30/09	152.40	127
Law	12/31/00	2/28/09	117.60	98
Personnel	12/31/03	12/31/08	58.80	49
Aging & Youth	12/1/07	3/31/09	58.80	49
Risk Management	6/30/06	12/31/08	57.60	48
Information Tech.	12/5/02	1/1/09	43.20	36
County Executive	1/31/08	1/31/09	39.60	33
Budget	4/30/07	12/31/08	25.20	21
District Attorneys	1/31/02	2/1/06	25.20	21
Human Rights	1/31/08	1/31/09	13.20	11
Finance	12/31/08	7/31/09	9.60	8
Credit Union	3/31/03	1/1/06	4.80	4
OCETA	12/31/02	12/31/02	2.40	2
Economic Devo.	12/31/08	12/31/08	1.20	1
Planning	12/31/05	12/31/05	1.20	1

2,883.60      2,403

Derived from destruction review file obtained from Iron Mountain.

Included in the above list are 25 records that have been checked out from IM. We did not determine if these records physically exist or have been destroyed. Records will incur storage costs for maintaining their location until such time IM is notified by an authorized individual they have been permanently removed. Also included in the above list are 8 boxes, with data entry errors as the destruction review dates range from 1818 to 1931.

It is estimated the County could have avoided approximately \$17,500 of storage costs if departments had destroyed these records timely.

*We suggest the County implement the means to ensure departments are reviewing and destroying records per the NYS Educational Department Archives "Records Retention and Disposition Schedule CO-2" as adopted by the County Legislature, Resolution #10 of 1991.*

10. We noted IT is incurring a nominal monthly fee of approximately \$20 for 75 boxes currently charged to a generic division called "Master Division." We were informed these boxes belong to Onondaga County but, at the time of entry, a more specific department or

division could not be determined and at a later date these would be researched, appropriately identified and charged accordingly. It is not clear who is responsible to make these determinations. Most departments are unaware these records exist as access to this division is limited. However, we question the length of time a majority of these records have been in limbo, as a detailed listing was unavailable, until, we requested and obtained this information from IM. The results of a simple scan of the detail listing run 8/18/09 of these 75 boxes are as follows:

- The respective receipt date of 66 boxes: 33, 16 and 17 boxes were 2003, 2004 and 2005. The remaining 9 were received in 2006, 2007 and 2008.
- 35 of the 75 boxes had the notation in the description field “No Transmittals” or are blank. Thus a description of the box’s contents is lacking for review purposes. In other words a physical examination is needed to determine their contents.
- 66 do not have a destruction date and are classified as “Undefined.” 2 boxes have a destruction review date of 2004, 6 boxes range from 2013 – 2020, 1 box is designated as “Permanent.”

Note, properly classifying these boxes will simply shift the storage costs to their respective departments. However, records management wise departments will now have access to their records.

*We suggest IT, as the contract administrator, undertake the necessary measures to properly identify these records to respective departments in the most cost effective manner possible.*

11. We noted file retrieval and trip charges incurred in the Master Division, which lead to a further inquiry of this division since IT was of the impression IT personnel had sole access to these records. Based on our request, IT contacted IM’s billing unit, who provided a listing of names that had access to this division as well as the ability to grant authorization and access to other individuals to all of the County’s records. Some of these names were not listed on IM’s “Authorized Users Report” dated 8/26/09. We question the omission of these names from the above report, the manner in which individuals are granted access and the means in which IT can perform an adequate review of authorized users when such omissions occur on information obtained from IM.

*We strongly recommend IT obtain a full understanding of IM’s procedures in granting access to County records and the reason for the omission of names from the Authorized Users Report. The ability to grant access should be limited.*

12. We obtained a complete inventory report of approximately 37,800 records (boxes) from IM. Of this total about 16,800 have a designated destruction review date or are classified as “permanent.” The remaining balance of approximately 21,000 records have a classification of “Undefined” indicating a destruction review date has not been provided by the departments. Approximately 18,000 of these records have a receipt date of 2003 or prior. Based on our understanding of the events leading up to the County’s record center and IM’s record keeping data collection procedures, a destruction review date might not have been utilized by departments storing their own records in various County locations. A destruction review date facilitates the actual destruction process as reports can be generated from this field. After a quick scan of this report, the following records are worth

mentioning: 1992 sign-in sheets, 1993 time sheets, 1995 cancelled checks and 1996 purchase requisitions. Based on a review of the NYS Educational Department Archives "Records Retention and Disposition Schedule CO-2," it appears these should have been destroyed, as their retention requirement is six (6) years. Therefore, it appears records with an "undefined" classification are not being reviewed by departments for potential destruction. Note, it is not IT's responsibility to specifically review and identify other departments' individual records for destruction purposes.

Not included below are approximately 66 boxes in the Master Division, which was previously addressed.

Division	Department	Number of Boxes	Division	Department	Number of Boxes
10	Social Services	6	61	Information Tech.	466
11	Health	1,392	63	County Clerk	3,113
14	Mental Health	285	64	Emergency mtg.	223
15	Probation	541	65	Veterans	65
16	Economic Develop.	30	67	Aging @ Youth	12
18	Human Rights	16	69	County Legislature	126
21	Management & Bud.	80	70	E911 Emer Comm.	177
24	Comptrollers	-	77	Personnel	17
25	Purchasing	427	79	Oceta (CNY Works)	-
28	County Executive	65	80	Insurance. Risk Mtg.	57
30	Finance	16	80-01	Risk Management	392
35	Planning	185	24A	Credit Union	527
40	Combined Courts	1,102	40A	Court Admin.	512
42	District Attorney	8,431	40B	Surrogate Court	121
44	Law	1,348	40C	Family Court	1,397
<b>Derived from IM's report Total boxes</b>					<b>21,129</b>

*To facilitate the review of these records, we suggest IT distribute each department their respective information electronically. The Comptroller's Office has provided IT with a revised version of IM's original Excel file.*

13. Based on a review of the above report, the Authorized Users Report and a survey conducted by our office we noted the following:
  - A. A scan of the above file we noted departments are storing payroll registers (1996 & 1997) and construction contracts (no dates). The Comptroller's Office is required to retain payroll registers for 55 years and it is our understanding, based on a memo received from a Senior County Attorney in 2003, all contracts reviewed by the Law Department are retained permanently. These records, for lack of a better term, could be classified as "common." For example, each department gets a copy of their payroll registers and copies of their contracts for various reasons. We question multiple departments storing the same records.
  - B. Based on our inquiry IT requested an Authorized User report. This was reviewed by IT. Several individuals no longer employed by Onondaga County are still listed as authorized users. IT has taken the necessary steps to rectify this situation. Also

noted as authorized users, with destruction capabilities, are on site third party administrators serving as customer service representatives.

C. Ten out of fourteen surveys were returned. One department returned two, one from each “records coordinator.” See survey summary on page eight. Survey results worth mentioning:

- Not all departments are familiar with IM’s website, “IMConnect,” its report generating capabilities and its editing functions.
- Some departments are under the impression IM or IT provides the detailed divisional records inventory report. Two assumed IM destroyed records automatically based on destruction date.

Note, stated in the original contract CT49803 – “The vendor will generate a monthly report reflecting documents to be destroyed. This report will be by department and sent to the individual County departments for authorization to destroy. When written authorization is received, the vendor will then destroy the records within three (3) business days.” However, based on our office’s experience IM has not provided inventory reports for the past several years and we were informed from IM’s customer service, IM has 60 days to destroy records. It appears once “IMConnect” came on line IM stopped sending inventory reports and the latter is contrary to contract language.

Our office became aware of the website a few years ago when IM was contacted requesting destruction reports. We were informed IM could provide these reports for a fee or they could be obtained from their new website “IMConnect,” at no charge. We were instructed to contact our contract administrator for authorization to access the site.

- Storage boxes are being purchased through IM for approximately \$2.80 per box (1.2 cubic feet) in 2008 prices as compared to the more economical alternative of Office Max’s contracted amount \$18.11 and \$22.95 per dozen or \$1.51 (1.67 cf) or \$1.91 (2.08 cf) per box, respectively.
- Most of the departments check their monthly detailed invoices for “reasonableness” and most were under the impression IT verified the actual bills to the contracted unit prices.
- Survey summary:

## Comptroller's Survey

**#1 Are you familiar with Iron Mountain's website "IMConnect"?**

- 6 ~ Indicated they were familiar.
- 5 ~ Indicated they were not familiar.

**#2 How often does your department review records for destruction purposes?**

- 2 ~ Assumed Iron Mountain did this automatically based on destruction date.
- 1 ~ Responded - "Not Sure."
- 1 ~ Indicated records are reviewed when an inventory report is received from IM.
- 1 ~ Indicated "Never" ; all records are marked "permanent."
- 6 ~ Review performed on a routine basis or as time allows.

**#3 Is it your impression that it is Information Technology's responsibility to provide detailed reports for destruction review purposes?**

- 5 ~ Were of the impression IM should provide destruction review reports.
- 2 ~ Were of the impression IT should provide destruction review reports.
- 3 ~ Indicated IT was not responsible for providing reports.
- 1 ~ Indicated "not applicable" all records are marked permanent.

**#4 Does your department utilize storage boxes provided by Iron Mountain?**

- 4 ~ Yes.
- 7 ~ No.

**#5 Is the "Records Retention and Disposition Schedule CO-2" utilized in determining the length of time to retain records?**

- 1 ~ Uses CO-1. (CO-1 was superseded about 1990.)
- 1 ~ Indicated "not applicable" all records are marked permanent.
- 1 ~ Indicated "not applicable" all records are marked for 7 year retention.
- 8 ~ Utilize the CO-2.

**#6 By what means does your department ensure it is charged appropriately?**

- 8 ~ Check for reasonableness
- 2 ~ No review is performed

**#6a Is it your understanding the unit pricing is verified by Information Technology.**

- 9 ~ Verified by IT.
- 1 ~ Department is responsible.

This survey and review of inventory reports was performed to determine the underlying expectations departments have of IT and IM. It also illustrates for IT and County administrators if the actions of departments are within their expectations as it relates to financial and records management responsibilities.

The results clearly indicate some departments are not fully informed of changes in procedures from IM's initial meetings with County personnel in 2003. It appears some

individuals have taken the initiative to seek out information on their own and others might be under the impression IT should be the primary source of information.

*We recommend an individual(s) in IT is assigned liaison responsibilities to ensure all departments are made aware of changes in IM procedures. IT should determine the number of “departmental records coordinators” and their understanding of the IMConnect website and provide the means to assist those unfamiliar with this records management tool.*

14. The County has an existing Executive Order dated February 5, 1997. This addresses the desire to have a County-wide Records Management Program in place and the Commissioner of Data Processing is designated as the County Records Management Officer. The Commissioner and his designee shall have the necessary powers to carry out the administration of this program, including establishing policies and procedures, as well as, administering the “Records Center.”

Provided below are suggestions a policy / procedures might address:

- Education and creating awareness.
- Expectations of Iron Mountain.
- Third Party Administrators’ records authorization capabilities.
- The proper completion of the transmittal form.
- Retaining / reviewing of stored records.
- Departmental / IT expectations regarding detail divisional bills / invoice payments.
- Address billing disputes / verification.
- Defining responsibilities of updating authorized users due to termination or transfers.
- Assignment of destruction capabilities i.e. management vs. non-management personnel.
- Determination of common records (payroll registers, claims, contracts).
- Concept of one central facilitator for disseminating information.
- Coordination of deliveries / pickups.
- Networking.

*We recommend updating the 1997 Executive Order and implementing policies and procedures to reflect the current conditions, as they exist today. We recommend IT work in conjunction with the County Executive’s Office to effectively implement an updated administrative directive.*

COUNTY OF ONONDAGA



DEPARTMENT OF INFORMATION TECHNOLOGY

JOANNE M. MAHONEY  
County Executive

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KENNETH R. BEAM, JR.  
Chief Information Officer  
MICHELE F. CLARK  
Deputy Chief Information Officer

December 16, 2009

Honorable Robert Antonacci II, CPA, Esq., Comptroller  
Onondaga County  
421 Montgomery Street  
14<sup>th</sup> floor  
Syracuse, NY 13202

Dear Comptroller Antonnacci:

Thank you for the opportunity to review the results of this audit and to respond to the findings. Below are the Department of Information Technology's responses to the Iron Mountain audit performed by Julius Perrotta from your office.

*Finding #1: IT will be re-assigning the Iron Mountain billing duties to another staff member. We will make every effort to assure future expenditures do not exceed authorized contract amounts.*

*Finding #2: With the re-assignment of duties, we will create the new procedure to ensure the charges at the division level are in accordance with contract pricing and internal controls are improved to address the segregation of duties.*

*Finding #3: IT will instruct the new person in charge of IM billing to audit the 2007 bills for discrepancies listed above. We will work with the Comptroller's Office to determine whether or not they are legitimate charges and if not, we will work with the County Law Department to request a refund of those charges. A new bid will be sent out soon, we will require written notification of any rate changes/increases.*

*Finding #4: IT will work more closely with the County Purchasing Department and the County Law Department to assure any/all contract amendments are tracked and processed in accordance with current laws/regulations.*

*We will make every effort to track down any credits due the County from IM and work with the Comptroller's Office to verify the credit is accurate and formally request a refund from IM.*

Honorable Robert Antonacci II  
December 16, 2009  
Page 2.

*Finding #5: IT will request a meeting with IM to determine the "trip charge allocation" fee and will verify that charge on future billings. This is something that will be addressed in the new bid.*

*Finding #6: The new IT staff member responsible for IM services will be sent to any training we can obtain from IM to better understand the County's abilities with on-line services.*

*Finding #7: IT agrees, the County should not be responsible for late fees when the vendor has not supplied the requested information. Any future requests will be sent via email with a date and time stamp or sent via return receipt USPS mail. IT has a date and time stamp and will use it for every invoice coming into the department.*

*Finding #8: IT will contact the Law Department to research this matter. We will also check with other counties to find out how they handle NY State billing.*

*Finding #9: IT will work with the vendor to determine which records could be destroyed per "Records Retention and Disposition Schedule CO-2". We will then notify the user departments and coordinate with them the destruction of those eligible records.*

*Finding #10: IT will have the boxes pulled for examination of their contacts. At that time we will determine who the records belong to and work with that department to determine final disposition.*

*Finding #11: IT staff will obtain all necessary training as to how and to whom access should be granted.*

*Finding #12: IT will distribute to each department their respective information electronically. Along with the initial spreadsheet provided by the Comptroller's Office IT will update the list on a monthly basis.*

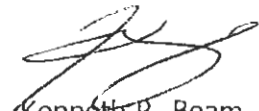
*Finding #13: IT will coordinate a training session for all departmental representatives with IM to educate them on the use of IMConnect so that they may better manage their departmental records stored at IM.*

*Finding #14: IT will work with the County Executive's Office to create and implement a new Records Management Policy.*

Honorable Robert Antonacci II  
December 16, 2009  
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The Department of Information Technology appreciates the professional manner in which the audit was conducted and looks forward to improving the overall performance of the department once we have implemented the recommendations.

Sincerely,

A handwritten signature in black ink, appearing to read 'K. Beam, Jr.', written in a cursive style.

Kenneth R. Beam, Jr.  
Chief Information Officer