

TEXAS DEPARTMENT OF HOUSING AND COMMUNITY AFFAIRS
Internal Audit of the Records Retention Process
Audit Report # 26-005

Executive Summary

The Office of Internal Audit (OIA) performed an audit of the Records Retention process at TDHCA to examine and evaluate the program's processes for effectiveness and efficiency, and to assess the adequacy of the existing administrative and internal controls.

Based on our review and testing, Records Retention appears to be functioning effectively in inventorying, storing, and disposing of records in accordance with TSLAC standards. We identified some areas for improvement and made recommendations to the staff. Details of our recommendations and management responses are included in the report.

Observations and Recommendations

- OIA recommends Records Management work with liaisons to ensure all onsite materials are properly stored according to standards.
- Records Management strengthens the Liaison program with periodic reminders and brief mandatory knowledge checks to help liaisons feel more confident in their responsibilities and reinforce expectations.

Objective, Scope, and Methodology

Our scope included a review of the Texas Government Code 441, Texas Administrative Code (13TAC 6.1-6.10), Records Management SOP, TSLAC guidelines and training, Records Retention schedules as well as internal controls and procedures in place.



Mark Scott, CPA, CIA, CISA, CFE, MBA
Director, Internal Audit

8/21/26
Date Signed



TEXAS DEPARTMENT OF HOUSING AND COMMUNITY AFFAIRS

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Board Members of the Texas Department of Housing and Community Affairs ("TDHCA")

RE: Internal Audit of Record Retention

Dear Board Members:

This report presents the results of the Office of Internal Audit ("OIA") "*Audit of the Records Retention Process at TDHCA*". This audit was conducted in accordance with applicable audit standards. It included the objectives to assessing and evaluating the internal controls of the activities related to this function, as well as accuracy and compliance of the approval process with applicable rules and regulations. Records Retention rated high on the annual risk assessment and was selected for audit in FY2026 due to lack of recent audits.

For this audit, we reviewed applicable Texas Administrative Code, TX Gov Code, the Records Management SOP, and relevant retention schedules. Our procedures included interviews with division staff, testing and analysis of key records-management processes, and a physical inspection of the on-site storage area.

This report includes the following sections:

- A. Overall Result
- B. Background Information
- C. Scope and Methodology
- D. Testing and Recommendations

A. Overall Results

Based on our review and testing, the Records Retention process seems to be functioning effectively and meeting its intended objectives. We noted several opportunities for improvement and provided recommendations to staff. Detailed recommendations and management responses are included in later sections of this report.

B. Background Information

The Records Management Program is established under Texas Government Code Chapter 441 and guided by administrative rules in 13 TAC, which together ensure that state agency records are created, maintained, and preserved in a consistent and economical manner. TSLAC administers these statewide requirements and certifies agency retention schedules prepared in accordance with 13 TAC §6.2. These standards apply to all record types managed by the division, including hard-copy documents, electronic files, email, and scanned records. SOP 1200.10 serves as the agency's internal operating guide, defining key terms—such as copy of record, convenience copy, transitory information (Texas State Records Retention Schedule item 1.1.057), and vital state record (Tex. Gov't Code §441.180)—and establishing procedures for storing, classifying, retrieving, imaging, and disposing of records.

The Records Management program is housed within the Staff Services Division and overseen by the Records Management Officer, who ensures compliance with statutory and regulatory requirements. Daily operations are carried out by the Records Management Coordinator, with Records Management Liaisons supporting compliance within each division. Records must be handled and disposed of according to approved retention requirements, and destruction is prohibited when litigation, audits, or public information requests are pending, as mandated by Tex. Gov't Code §441.187(b). Electronic records must be maintained in accessible formats on secure network servers, while hard-copy documents follow TSLAC storage standards. Training from TSLAC and continued coordination across divisions help strengthen institutional knowledge, improve efficiency, and support ongoing compliance with statutory, regulatory, and internal requirements.

C. Scope and Methodology

Our scope included a review of the Texas Government Code 441, Texas Administrative Code (13TAC 6.1-6.10), Records Management SOP, Records Retention schedules as well as internal controls and procedures in place.

We also held interviews with division staff and performed testing and analysis of the processes involved in operating records management. The results of our review and testing are provided in the Testing section of the report.

D. Testing and Recommendations

Testing of the Records Retention process involved several activities. It was noted that SOPs were up to date with TSLAC standards, as well as thorough and actively followed. Staff Services effectively stored, classified, inventoried, archived, and disposed of records within the third-party Records Management System and offsite location, and records management information and guidelines were easy to locate through their dedicated intranet page.

A physical inspection of the on-site storage area located in the TDHCA basement was performed. The basement contains two fenced, secured sections; however, one of these areas was found unlocked during the inspection. Both sections include records for which the Records Management Coordinator is responsible, but numerous boxes and miscellaneous items remain under the control of various program areas. The contents and retention requirements for many of these boxes are unclear. Additionally, several boxes were stored directly on the floor, loose files and papers were observed, and some materials were placed beneath areas showing signs of damage or under exposed water pipes.

It is recommended that Records Management work with the Records Management Liaisons to obtain a complete listing of all records stored onsite and ensure that all materials are properly inventoried and stored in accordance with applicable standards.

Observation Number	Status Pertaining to the Recommendations and Action to be Taken	Target Completion Date	Responsible Party
26-005.01	OIA recommends Records Management work with liaisons to ensure all onsite materials are properly stored according to standards.	8/28/2026	Tony Guerrero

Management Response

"Management agrees with the recommendation. Records Management will work with Records Management Liaisons and applicable program areas to identify and properly store materials maintained within the secured on-site storage areas. Records Management will implement daily inspections of the secured areas to ensure materials are properly filed and stored and will cross-reference access logs to identify individuals who have accessed the areas when follow-up is necessary.

Although the storage areas are normally kept secured, the unlocked area observed during the audit coincided with Texas Facilities Commission personnel performing work on site. Records Management will reinforce procedures to ensure all sections are secured following access.

Records Management will also relocate materials stored on the floor or in areas that may present a risk of water damage, where feasible. Issues related to facility conditions, including exposed water pipes or damaged areas, will be communicated to and addressed by the appropriate Texas Facilities Commission personnel."

A survey was distributed to Records Management Liaisons to assess their understanding of their responsibilities, their satisfaction with the guidance and support provided, and any additional training they would find beneficial. The responses received are summarized below.

Records Management Liaison Survey Results			
Question	Yes	No	Comments
I have received proper training about Records Management and Records Retention. I understand my responsibilities as a Records Liaison for my division.	6	3	I started during covid no training. It has been a while; could use a refresher. A reminder of the requirements for this would be helpful.
I find the process of submitting records for storage to be easy and efficient.	4	1	I do not submit records for storage. I have not had to submit a record. I have not had to submit any records for storage.
I find the process of requesting records from storage to be easy and efficient	7	0	We do not request records often; one request delayed due to vacation. I have not had to use this service. I have not had to request any records.
Records Management personnel are responsive to my questions and concerns in timely and reasonable manner	7	0	None
I am confident in my knowledge of the Retention Schedule for my program area / division and how to locate the TDHCA retention schedule.	6	4	None
I know where to find TDHCA's Records Management policies and procedures.	6	4	
I understand what qualifies as an official government record. I can distinguish between official records, convenience copies, and personal/reference materials.	5	4	None
I understand email is a format and retention depends on content; I know how to file emails appropriately.	5	5	
I know what to do if records are damaged and have access to disaster recovery procedures.	3	6	None
Training Areas Requested			
Training Topic	Requests		
Email management	7		
Retention schedules	3		
Digital preservation	3		
Social media records	2		
Imaging/scanning	2		
Disaster planning & recovery	5		
Disposition procedures	2		
Other	1 (Refresher requested)		

Based on survey feedback and the concepts outlined in TSLAC's Records Management guidance, it is recommended that Records Management revisit training requirements and enhance its Records Management Liaison program to help liaisons feel more confident in their responsibilities, understand retention requirements, recognize different record types, and remain aware of key disaster-related procedures. Introducing periodic reminders or brief mandatory knowledge checks, using existing online training resources, would help reinforce expectations.

Observation Number	Status Pertaining to the Recommendations and Action to be Taken	Target Completion Date	Responsible Party
26-005.2	OIA recommends Records Management strengthen the Liaison program with periodic reminders and brief mandatory knowledge checks to help liaisons feel more confident in their responsibilities and reinforce expectations.	9/1/2026, and quarterly thereafter.	Tony Guerrero

Management Response

"Management agrees with the recommendation. Records Management will strengthen the Records Management Liaison program by providing quarterly communications, training opportunities, and reminders regarding liaison responsibilities and records retention requirements.

Records Management will leverage existing training materials and resources available through the Texas State Library and Archives Commission (TSLAC) to address identified gaps in knowledge and improve liaison awareness of available records management guidance and resources. Communications will focus on areas where additional understanding is needed, including liaison responsibilities, records retention requirements, and the resources available to assist divisions in meeting those requirements.

This approach will provide ongoing reinforcement and support to Records Management Liaisons while utilizing existing resources to promote consistent understanding of records management responsibilities across the Department."

We conducted this performance audit in accordance with applicable auditing standards. We provided our observations and recommendations based on evidence obtained through our reviews and based on our audit objectives.

We appreciate the cooperation and assistance provided by Staff Services management and personnel throughout the audit.

Sincerely,

A handwritten signature in black ink, appearing to read "Mark Scott". The signature is fluid and cursive, with the first name "Mark" and last name "Scott" clearly distinguishable.

Mark Scott, CPA, CIA, CISA, CFE, MBA
Internal Audit Director

MS/EH