

Office of State Auditor

**Functional Analysis
&
Records Disposition Authority**

**Revision
Presented to the
State Records Commission
October 24, 2003**

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Functional and Organizational Analysis of the Office of State Auditor

Sources of Information

Representatives of the Office of State Auditor

Code of Alabama 1975, Sections 36-16-1 through 36-16-11

Code of Alabama 1867, 1876, 1886, 1898, 1907, 1940

Constitution of Alabama 1819, 1861, 1868, 1875, 1901

Alabama Government Manual (1998)

Government Records Division, State Agency Files (1985-ongoing)

Holdings of the Department of Archives and History for the Office of State Auditor

Historical Context

The Office of the State Auditor originated under the statutes of the Mississippi Territory. With the adoption of the Alabama Constitution of 1819, the Auditor became the Comptroller of Public Accounts elected annually by a joint vote of both houses of the General Assembly. In 1852 the Comptroller of Public Accounts was authorized to employ a clerk. The Constitution of 1861 increased the term of office to two years. The Constitution of 1868 changed the title of the office to Auditor, made the Auditor a member of the executive department, and established a process by which the Auditor was chosen by the electors of the state upon election of the state representatives every four years. Two other constitutional changes occurred in the Auditor's office. In 1875 the name became State Auditor and the term of office was decreased to two years. The 1901 Constitution returned the term of office to four years and eliminated successive terms of office.

The Code of Alabama, 1867 and 1876, required the Auditor to audit and adjust the accounts of all public officers, keeping a regular account with every person in each county in the state who was by law authorized to collect and receive any part of the state revenue. In 1885, the legislature created the Examiner's of Public Accounts with an expert accountant to audit certain agencies. By 1907 the Examiner's of Public Accounts was responsible for auditing any public institution that received money from the state treasury or collected or disbursed public revenues and by 1911, was responsible for examining all county officials and chancery registers every two years and auditing all offices receiving or disbursing state funds. In 1919, the legislature renamed the agency as the Department of Examiners of Accounts and added the responsibility of examining all county, local school, or other district officers and examining insurance companies. In 1932 the department was absorbed by the Comptroller's Office, which was placed within the newly created Department of Finance in 1939 and given the responsibility of auditing all offices annually. By 1945 the Department of Finance was responsible for auditing all state offices, department, and institutions, and all county offices. In 1947, the legislature created the Department of Examiners of Public Accounts with the responsibility of auditing biannually every state and county office except city boards of education.

The Auditor was responsible for the land records in Alabama until the State Land Commission was created in 1899. On June 9, 1915, the State Land Commissioner was abolished and the duties were reassigned to the Auditor's Office. In 1932, the position of land clerk was transferred to the State Commission of Forestry.

On March 7, 1939, the Legislature passed an act which created the Department of Finance. This act took away many of the duties of the Auditor and gave them to the Department of Finance. Included in these duties were the drawing of warrants upon the state treasury; the providing of printing and binding; the examination and audit of records and accounts in connection with the purchases, revenue, taxation, budgets, indebtedness, and other obligations and the finance of the counties, municipal corporations, political subdivisions, and local public bodies in the state; the preparation of forms for a uniform system of state and county records; the making of financial studies and reports; and, the making of the annual financial report of the state.

Agency Organization

The state auditor is elected by popular election for a term of four years and is eligible for one successive term. Personnel include auditors, an administrative assistant, property inventory officers, and necessary clerical personnel. An organizational chart is attached.

Agency Function and Subfunctions

The mandated function of the Office of State Auditor is to audit monies of the state and its agencies and to keep track of personal property belonging to the state. The Office of State Auditor is responsible for performing the Financial Management and Property Management subfunctions of the Administrative Support Services function and the Public Advocacy function of Alabama government through its participation with the Board of Adjustment.

In the performance of its mandated functions, the Office of State Auditor may engage in the following subfunctions.

- **Auditing.** The auditor is responsible for post-auditing the accounts and records of the Department of Finance and State Treasurer as well as making annual audits of securities held by the State Treasurer; making a continuous monthly audit of the State Treasurer's Office, reconciling all accounts with the State Comptroller; auditing payrolls of all state departments; and, performing compliance and performance audits of various state agencies.
- **Inventorying.** The auditor maintains property records of all state personal property. All state agencies submit inventories of property valued at five hundred dollars or more to the property inventory control division of the State Auditor's Office twice a year. Each property

item is recorded in a computer database, from which agency inventory lists or item inventory lists can be generated. Property items are added to or deleted from the database when they are purchased, sold, or otherwise disposed of. The Property Inventory Division conducts biannual inventories of such property.

- **Holding Bonds.** The secretary of state is charged with the duty of holding the bonds of officials, but is unable to hold its own bond. The auditor therefore holds the bond of the secretary of state.

- **Administering Internal Operations.** A significant portion of the agency's work includes general administrative, financial, and personnel activities performed to support the programmatic areas of the agency including:

Managing the agency: Activities include internal office management activities common to most government agencies such as corresponding and communicating, scheduling, meeting, documenting policy and procedures, reporting, litigating, legislating (drafting, lobbying, tracking), publicizing and providing information, managing records, and managing information systems and technology.

Managing finances: Activities include budgeting (preparing and reviewing budget package, submitting the budget package to the Department of Finance, documenting amendments and performance of the budget); purchasing (requisitioning and purchasing supplies and equipment, receipting and invoicing for goods, and authorizing payment for products received); accounting for the expenditure, encumbrance, disbursement, and reconciliation of funds within the agency's budget through a uniform system of accounting and reporting; authorizing travel; contracting with companies or individuals; bidding for products and services; and assisting in the audit process; investing; and issuing bonds.

Managing human resources: Activities include recruiting and hiring eligible individuals to fill positions within the agency; providing compensation to employees; providing benefits to employees such as leave, health insurance, unemployment compensation, worker's compensation, injury compensation, retirement, and death benefits; supervising employees by evaluating performance, granting leave, and monitoring the accumulation of leave; training and providing continuing education for employees; and disciplining.

Managing properties, facilities, and resources: Activities include inventorying and accounting for non-consumable property and reporting property information to the appropriate authority; leasing and/or renting offices or facilities; providing security for property owned by the agency; insuring property; and assigning, inspecting and maintaining agency property, including vehicles.

Analysis of Record Keeping System and Records Appraisal of the Office of State Auditor

Agency Record Keeping System

The Office of State Auditor operates a hybrid system composed of computer systems and paper record-keeping.

Computer Systems: The agency's Property Inventory Division operates a database, known as the Protege System, to maintain an inventory and to document all transactions of nonconsumable personal property, except books, purchased and owned by the state with a value of \$500 or more. All inventory control and property transactions are performed electronically between each individual agency and the State Auditor's Office. The database is backed up daily and back up tapes are stored in a security vault in Texas. A printout may be generated upon request by individual agencies.

Microfilm-based System: Surplus disposal forms (SD-1) were microfilmed from 1954-1974. The records created after 1974 are kept in paper form. The microfilms are not in good condition and are stored in a cabinet.

Paper-based System: The agency continues to maintain most of its records in paper form.

Records Appraisal

The following is a discussion of the three major categories of records created and/or maintained by the Office of the State Auditor: Temporary Records, Permanent Records, and Records No Longer Created.

I. Temporary Records. Temporary records should be held for what is considered their active life and be disposed of once all fiscal, legal, and administrative requirements have been met. Some of the temporary records created by the agency are discussed below:

- **Cash Disbursement Reports.** These reports are created by the Comptroller's Office in the Department of Finance to record daily disbursements and are sent to the Auditor's Office for use in daily reconciliation. It is recommended that the reports be maintained for one year. The Comprehensive Annual Financial Report (CAFR), which is a permanent record, summarizes the disbursements.

II. Permanent Records. The Government Records Division recommends the following records as permanent.

Auditing

- **Audit Reports.** The Auditor performs special audits of municipal and county entities upon request from either the public or officials and are not routine. The audit reports document the findings of the audit. (RDA page 3-2) (**Bibliographic Title: Audit Reports**)

Administering Internal Operations

- **Files of the State Auditor.** These files include the correspondence of the Auditor and provide documentation of how this agency carries out its mandated function. It therefore retains historic value. (RDA page 3-4) (**Bibliographic Title: Administrative Correspondence**)
- **Correspondence with the Boards of Registrars.** The Auditor serves on the Board of Appointment of Registrars of Elections. In this capacity, it is necessary to remain in contact with appointees. The correspondence documents the Auditor's communications with appointees and the actions of the board. (RDA page 3-4) (**Bibliographic Title: Correspondence with the Boards of Registrars**)
- **Annual Reports.** These reports show the results of audits of various agencies performed by the Office of the State Auditor and are archival because they retain historic value as the best summary of the Auditor's audit function. (RDA page 3-4) (**Bibliographic Title: Annual Reports**)
- **Publications.** The publications document how the office sees itself and its role and also what information it provides to the public. (RDA page 3-4) (**Bibliographic Title: Publications**)

III. Records No Longer Created. The following records were created by the agency over time, but are no longer created in this same format. In most cases these records were created for a purpose that no longer exist.

A. Temporary Records

- **Property Inventory Cards.** These cards were used by state agencies prior to 1999 in reporting the inventory or transactions of their nonconsumable personal property with a value of \$500 or more. The agency started in 1999 to change the reporting process from a paper-based system to the automated Protege System. As a result, these cards are no longer generated or used by any agency. The cards stored in the Auditor's Office contain outdated information that is of no use.

- **Property Acquisition Forms.** Within 30 days of receiving an item of nonconsumable personal property with a value of \$500 or more, whether by purchase, transfer from another agency, or donation, the agency property manager must use the Property Acquisition Form (PA-1) to report the receipt of the item to the Auditor's Office. Information on the form includes property number, manufacturer, model, serial number, description of the item, cost, date acquired, bar code number, fund for this item, and location of the item. Beginning in 1999, the agency started to implement the automated Protege System and, as a result, the form is no longer used by state agencies in reporting property acquisition activities.

Permanent Records List Office of State Auditor

Auditing

1. Audit Reports

Administering Internal Operations

1. Files of the State Auditor
2. Correspondence With the Boards of Registrars
3. Annual Reports
4. Publications

Office of State Auditor Records Disposition Authority

This Records Disposition Authority (RDA) is issued by the State Records Commission under the authority granted by the Code of Alabama 1975, Sections 41-13-5 and 41-13-20 through 21. It was compiled by the Government Records Division, Alabama Department of Archives and History (ADAH), which serves as the commission's staff, in cooperation with representatives of the Office of State Auditor. The RDA lists records created and maintained by the Office of State Auditor in carrying out its mandated functions and activities. It establishes retention periods and disposition instructions for those records and provides the legal authority for the Office of State Auditor to implement records destruction.

Alabama law requires public officials to create and maintain records that document the business of their offices. These records must be protected from "mutilation, loss, or destruction," so that they may be transferred to an official's successor in office and made available to members of the public. Records must be kept in accordance with auditing standards approved by the Examiners of Public Accounts (Code of Alabama 1975, Sections 36-12-2, 36-12-4, and 41-5-23). For assistance in implementing this RDA or for advice on records disposition or other records management concerns, contact the ADAH Government Records Division at (334) 242-4452.

Explanation of Records Requirements

- This RDA supersedes any previous records disposition schedules governing the retention of Office of State Auditor's records. Copies of superseded schedules are no longer valid and should be discarded.
- The RDA establishes retention and disposition instructions for records listed below, regardless of the medium on which those records may be kept. Electronic mail, for example, is a communications tool that may record permanent or temporary information. As for records in any other format, the retention periods for e-mail records are governed by the requirements of the subfunctions to which the records belong.
- Some temporary records listed under the Administering Internal Operations subfunction of this RDA represent duplicate copies of records listed for long-term or permanent retention in the RDAs of other agencies.
- Certain records and records-related materials need not be retained as records under the disposition requirements in this RDA. Such materials include: (1) duplicate record copies that do not require official action, so long as the creating office maintains the original record for the period required; (2) catalogs, trade journals, and other publications received that require no action and do not document government activities; (3) stocks of blank stationery, blank forms, or other surplus materials that are not subject to audit and have become obsolete; (4) transitory records, which are temporary records created for short-term, internal purposes that may include, *but are not limited to*, telephone call-back messages, drafts of ordinary documents not needed for their evidential value, copies of

material sent for information purposes but not needed by the receiving office for future business, and internal communications about social activities. They may be disposed of without documentation of destruction.

Records Disposition Requirements

This section of the RDA is arranged by subfunctions of the Office of State Auditor and lists the groups of records created and/or maintained by the agency as a result of activities and transactions performed in carrying out these subfunctions. The agency may submit requests to revise specific records disposition requirements to the State Records Commission for consideration at its regular quarterly meetings.

■ **Auditing**

AUDIT REPORTS (includes work papers of audit of securities)
Disposition: PERMANENT RECORD.

Cash Disbursement Reports
Disposition: Temporary Record. Retain 1 year.

Warrant Registers
Disposition: Temporary Record. Retain 2 years.

Warrant Redemption
Disposition: Temporary Record. Retain in office until release of audit report of Treasurer's Office.

Outstanding Warrants Reports
Disposition: Temporary Record. Retain until superceded.

Monthly Bank Reconciliations
Disposition: Temporary Record. Retain until release of the audit of Treasurer's Office.

Work Papers of Special Audits
Disposition: Temporary Record. Retain ten years after release of special audit report.

Work Papers of Bonded Indebtedness
Disposition: Temporary Record. Retain two years after report of bonded indebtedness is issued.

Payment in Lieu of Taxes Workpapers
Disposition: Temporary Record. Retain 5 years.

Special Bank Accounts
Disposition: Temporary Record. Retain in office until release of audit report of Treasurer's

Office.

Special Investment Accounts Monthly Reconciliation Report
Disposition: Temporary Record. Retain in office until release of audit report of Treasurer's Office.

Fund to Cash Reconciliation
Disposition: Temporary Record. Retain in office until release of audit report of Treasurer's Office.

■ **Inventorying**

Protege System Database
Disposition: Active Database – Temporary Record. Retain until superseded.
Inactive Database – Temporary Record. Retain 5 years after the end of the fiscal year in which the property is removed from inventory.

Semiannual Inventory Lists
Disposition: Temporary Record. Retain 3 years.

Physical Inventory Lists
Disposition: Temporary Record. Retain 3 years.

Log of Inventories Received
Disposition: Retain in office. (Code of Alabama 1975, Section 36-16-8 [1]).

SD-1 Files by Agency
Disposition: Temporary Record. Retain 5 years.

Transfer Invoices from ADECA
Disposition: Temporary Record. Retain 5 years.

Agency Property Inventories
Disposition: Temporary Record. Retain 3 years.

Inventory Reports to Departments
Disposition: Temporary Record. Retain 3 years.

State Auction Reports
Disposition: Temporary Record. Retain 3 years.

Designation of Property Manager
Disposition: Temporary Record. Retain until superseded.

Receipts for Property

Disposition: Temporary Record. Retain 5 years.

Property Information Change Memos

Disposition: Temporary Record. Retain 5 years.

Property Inventory Cards (No Longer Created)

Disposition: Destroy.

Property Acquisition Forms (No Longer Created)

Disposition: Destroy.

■ **Administering Internal Operations**

Managing the Agency:

Telephone Logbooks

Disposition: Temporary Record. Retain 3 years after end of the fiscal year in which the records were created.

FILES OF THE STATE AUDITOR

Disposition: PERMANENT RECORD.

Routine Correspondence (includes requests for information)

Disposition: Temporary Record. Retain 3 years after end of the fiscal year in which the records were created.

CORRESPONDENCE WITH THE BOARDS OF REGISTRARS

Disposition: PERMANENT RECORD.

ANNUAL AND OTHER PERIODIC REPORTS

Disposition: PERMANENT RECORD.

Mailing Lists

Disposition: Temporary Record. Retain for useful life.

Administrative Reference Files

Disposition: Temporary Record. Retain for useful life.

Records documenting the implementation of the agency's approved RDA (copies of transmittal forms to Archives or the State Records Center, evidence of obsolete records destroyed, and annual reports to the State Records Commission).

Disposition: Temporary Record. Retain 3 years after end of the fiscal year in which the records were created.

Copy of RDA

Disposition: Temporary Record. Retain 3 years after end of the fiscal year in which the RDA is superseded.

Computer System Documentation (Y2K Records, hardware/software manuals and diskettes, warranties)

Disposition: Temporary Record. Retain documentation of former system 3 years after the end of the fiscal year in which the former hardware and software no longer exists anywhere in the agency and all permanent records have been migrated to a new system.

Managing Finances:

Records documenting the preparation of a budget request package and reporting of the status of funds, requesting amendments of allotments, and reporting program performance

Disposition: Temporary Record. Retain 3 years after end of the fiscal year in which the records were created.

Records documenting the requisitioning and purchasing of supplies and equipment, receipting and invoicing for goods, and authorizing payment for products

Disposition: Temporary Record. Retain 3 years after end of the fiscal year in which the records were created.

Records of original entry such as journals, registers, and ledgers; and records of funds deposited outside the state treasury (includes petty cash fund files and recycling transaction files)

Disposition: Temporary Record. Retain 3 years after end of the fiscal year in which the records were created.

Records documenting requests for authorization from supervisors to travel on official business and other related materials, such as travel reimbursement forms and itineraries

Disposition: Temporary Record. Retain 3 years after end of the fiscal year in which the records were created.

Contractual records established for the purpose of services or personal property

Disposition: Temporary Record. Retain 6 years after expiration of the contract.

Records documenting the bid process, including requests for proposals and unsuccessful responses

Disposition: Retain in office (Code of Alabama 1975, Sections 41-16-24).

Agency Audit Reports Issued By Examiners of Public Accounts

Disposition: Temporary Record. Retain 6 years after end of the fiscal year in which the records were created.

Managing Human Resources:

Job Recruitment Materials

Disposition: Temporary Record. Retain 3 years after end of the fiscal year in which the records were created.

Application Materials

Disposition: Temporary Record. Retain 1 year.

Position Classification Records

Disposition: Temporary Record. Retain 4 years after reclassification of the position.

Certification of Eligibles for Employment

Disposition: Temporary Record. Retain until superseded.

Records documenting payroll (e.g. pre-payroll reports, payroll check registers)

Disposition: Temporary Record. Retain 3 years after end of the fiscal year in which the records were created.

Records documenting payroll deduction authorizations

Disposition: Temporary Record. Retain 6 years after separation of employee from the agency.

Records documenting payroll deductions for tax purposes (including Form 941)

Disposition: Temporary Record. Retain 3 years after end of year in which the records were created.

Records documenting employee hours worked, leave earned, and leave taken

Disposition: Temporary Record. Retain 3 years after the end of the fiscal year in which the records were created.

Records documenting leave donations

Disposition: Temporary Record. Retain 3 years after the end of the fiscal year in which the records were created.

Records of final leave status

Disposition: Temporary Record. Retain 6 years after separation of employee from the agency.

Records documenting an employee's work history - generally maintained as a case file

Disposition: Temporary Record. Retain 6 years after separation of an employee from the agency.

Employee Flexible Benefits Plan Files (applications and correspondence)

Disposition: Temporary Record. Retain 6 years after termination of participation in program.

Records documenting the State Employee Injury Compensation Trust Fund (SEICTF) Claims

Disposition: Temporary Record. Retain 6 years after separation of the employee from the agency.

Employee Administrative Hearing Files

Disposition: Temporary Record. Retain 6 years after separation of the employee from the agency.

Section/Division Personnel Files

Disposition: Temporary Record. Retain until separation of an employee from the agency.

Weekly Activity Reports

Disposition: Temporary Record. Retain for useful life.

Records Documenting agency provision of training and professional development

Disposition: Temporary Record. Retain 3 years.

Employee Handbook

Disposition: Temporary Record. Retain in office for useful life.

Managing Properties, Facilities, and Resources:

Semiannual Inventory Lists

Disposition: Retain in office (Code of Alabama 1975, Section 36-16-8[1]).

Agency Copies of Transfer of State Property Forms (SD-1)

Disposition: Temporary Record. Retain 3 years after end of the fiscal year in which the records were created.

Property Inventory Cards and/or Computer Files

Disposition: Temporary Record. Retain 3 years after end of the fiscal year in which the records were created.

Property Inventory Affidavits

Disposition: Temporary Record. Retain 3 years after end of the fiscal year in which the records were created.

Receipts of Responsibility for Property

Disposition: Temporary Record. Retain until return of item to property manager.

Records documenting the lease or rental of office or warehouse space for the department

Disposition: Temporary Record. Retain 6 years after expiration of the lease.

Requirement and Recommendations for Implementing the Records

Disposition Authority

Under the Code of Alabama 1975, Section 41-13-21, “no state officer or agency head shall cause any state record to be destroyed or otherwise disposed of without first obtaining approval of the State Records Commission.” This Records Disposition Authority constitutes authorization by the State Records Commission for the disposition of the records of the Office of State Auditor (hereafter referred to as the agency) as stipulated in this document.

One condition of this authorization is that the agency submit an annual Records Disposition Authority (RDA) Implementation Report on agency records management activities, including documentation of records destruction, to the State Records Commission in January of each year. In addition, the agency should make every effort to establish and maintain a quality record-keeping program through the following activities:

- The agency should designate a records liaison, who is responsible for: ensuring the development of quality record keeping systems that meet the business and legal needs of the agency, coordinating the transfer and destruction of records, ensuring that permanent records held on alternative storage media (such as microforms and digital imaging systems) are maintained in compliance with national and state standards, and ensuring the regular implementation of the agency’s approved RDA.
- Permanent records in the agency’s custody should be maintained under proper intellectual control and in an environment that will ensure their physical order and preservation.
- Destruction of temporary records, as authorized in this RDA, should occur agency--wide on a regular basis—for example, after the successful completion of an audit, at the end of an administration, or at the end of a fiscal year. Despite the RDA’s provisions, no record should be destroyed that is necessary to comply with requirements of the state Sunset Act, audit requirements, or any legal notice or subpoena.
- The agency should maintain full documentation of any computerized record-keeping system it employs. It should develop procedures for: (1) backing up all permanent records held in electronic format; (2) storing a back-up copy off-site; and (3) migrating all permanent records when the system is upgraded or replaced. If the agency chooses to maintain permanent records solely in electronic format, it is committed to funding any system upgrades and migration strategies necessary to ensure the records’ permanent preservation and accessibility.

The staff of the State Records Commission may examine the condition of the permanent records maintained in the custody of the agency and inspect records destruction documentation. Government Records Division archivists are available to instruct the agency staff in RDA implementation and otherwise assist the agency in implementing its records management program.

The State Records Commission adopted this records disposition authority on October 24, 2003.

Edwin C. Bridges, Chairman, by Tracey Berezansky
State Records Commission

Date

Receipt acknowledged:

Beth Chapman
State Auditor

Date