
Retention Scheduling

11. Internal Audit Records

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Retention Scheduling

10. Internal Audit Records

1 Introduction

1.1 This guidance is aimed at Departmental Record Officers, Finance Directors and Internal Audit staff. It covers public records created and received as part of the internal audit function. It does not cover similar records where external audit (for example, by the National Audit Office) is involved. It relates closely to the guidelines in *Retention Scheduling, 3. Accounting records* (PRO, 2000).

1.2 The guidance covers records in all media, although it points to more specialist advice on electronic records and the framework of the *Modernising Government* agenda.

1.3 It is unlikely that many records relating to internal audit will be selected for permanent preservation. Criteria for selecting records for historical purposes can be found in the publication *Acquisition and Disposition Policies* (PRO, 2000) and in more detailed operational selection policies. No records should be destroyed without reference to these documents and all internal audit records no longer required for business purposes are subject to the formal appraisal process (whether by reference to these guidelines or a file-by-file review) to determine whether they fall within the criteria of selection for permanent preservation.

1.4 The guidance forms part of a series on retention scheduling (see section 5). For general information on the compilation of retention schedules see *Records Management Standards: Disposal Scheduling* (PRO, 1998).

1.5 Detailed guidance on the internal audit function can be found in the Internal Audit Guide and the Government Internal Audit Standards (GIAS).

2 Scope and nature of the records

2.1 Internal audit records include:

- reports
- terms of reference
- programmes/plans
- correspondence, including management letters, advice and consultancy
- minutes of meetings etc
- working papers

In addition internal auditors may make detailed use of computer audit trails, which may sometimes be embedded in transaction records, and other records, such as risk registers.

2.2 Internal auditors will wish to use many other records in government departments and agencies as part of their work. They will be more concerned with recent records (ie within the last two years) than external auditors. In this respect the current retention periods of records in government departments will usually be more than adequate for their needs.

2.3 An important aspect of the internal audit function is the need to refer to documents that have not been created as part of the internal audit procedures themselves. For example, internal auditors will make extensive use of contracts, by which they will make an assessment of value for money and of other matters relating to the execution of the contract(s). See *Retention Scheduling, 5. Contractual Records* (PRO 2000) for guidance on their retention. Similar records may include asset registers, stock control records and manuals of instructions. For all these records the period of retention should be assessed from the need to retain the records for business purposes; those business purposes include internal audit.

2.4 Some of these records are still maintained in paper form even though they may have been created electronically. In accordance with the Modernising Government agenda target that "*By 2004 all newly created public records will be electronically stored and retrieved*", the records will form part of an electronic records management system. Departments and agencies may wish to digitise the paper records that need to be kept after that date so that there is a central and corporate collection of these records held electronically. Guidance on the management of electronic information is available from the National Archives. The following publications are particularly relevant:

- *Good practice in managing electronic documents using Office 97 on a local area network* (2000)

- *Sustainable electronic records: strategies for the maintenance and preservation of electronic records and documents in the transition to 2004* (2001)

2.5 Many copies of internal audit reports appear on files in divisions, sections, etc. These should be destroyed as soon as their operational needs have expired.

3 Effects of legislation

3.1 Two recent major pieces of legislation affect the creation and retention of records in general. However, they should not affect current or future retention policies for records, the primary reason for the retention of which must still be their use in the conduct of the current business of the department or agency.

3.2 *Data Protection Act 1998*

3.2.1 Records managers need to understand the general principles that govern personal data and its management, and to ensure that their handling of personal data complies with the Act. An explanation of the Act and the Data Protection Principles is contained in the PRO publication *Data Protection Act 1998: A Guide for Records Managers and Archivists* (2000).

3.2.2 The areas where internal audit records may contain personal data include:

- assessment of performance management systems and other human resources functions
- contracts with outside companies
- finance (pay, travel, subsistence, etc)
- health and safety

3.2.3 A detailed explanation of how data protection should be incorporated into corporate policies and guidance on processes relevant to the Act may be found in *Code of Practice for Archivists and Records Managers under section 51(4) of the Data Protection Act 1998* (PRO, Society of Archivists and Records Management Society, 2002).

3.3 *Freedom of Information Act 2000*

3.3.1 Full implementation of the Freedom of Information Act must be made by 1 January 2005. For records managers the main effects of the legislation are contained in the Lord Chancellor's *Code of Practice on the Management of Records under section 46 of the Freedom of Information Act 2000*. The Code sets out the framework for the management of records by public authorities and, for public record bodies, describes requirements for the review and transfer of public records.

3.3.2 Some internal audit records may need to be kept for up to six years in accordance with the Limitation Act 1980. Internal auditors and records management staff should ensure that those not in current use are stored and managed in such a way that they are readily accessible in the event of FOI requests.

4 Model retention schedule

4.1 The retention of internal audit records should be considered in the light of both business and legislative requirements, taking into account the cost of retention and the use to which the records might be put in the future.

4.2 The following schedule shows maximum retention periods for internal audit records. The disposal period covers completed years' records (ie not including the current year).

Item	Description	Disposal
Reports		
1	Audit reports (including interim), where these have included the examination of long-term contracts	6 years
2	Report papers used in the course of a fraud investigation	6 years after legal proceedings have been completed
3	Other audit reports (including interim)	3 years
Undertakings		
4	Terms of reference	3 years
5	Programmes/plans/strategies	One year after the last date of the plan
6	Correspondence	3 years
7	Minutes of meetings and related papers, including those of the Audit Committee	3 years
8	Working papers	3 years
Other records		
9	Internal Audit Guides	When superseded
10	Manuals and guides relating to departmental procedures	When superseded

11	Local auditing standards	When superseded
12	Annual reports to Accounting Officers	3 years

5 Other publications and further information

5.1 The National Archives produces several sets of records management standards and guidance which aim to promote good practice in the management of public records throughout all stages of their life cycle. Details about the publications can be found in *Records Management: Standards and Guidance: Introduction* (PRO, 2001). The following are likely to be most relevant to the disposal of internal audit records:

5.1.1 Record Keeping

- Management, Appraisal and Preservation of Electronic Records
- Functional requirements for electronic records management systems
- Developing a corporate policy on electronic records
- Good practice in managing electronic documents using Office 97 on a local area network
- RMS 2.2 Documentation of Records Work

5.1.2 Acquisition and Appraisal

- Developing an inventory of electronic records collections
- Evaluating information assets: appraising the inventory of electronic records
- Acquisition and Disposition Policies
- RMS 5.1 Disposal Scheduling
- Retention Scheduling: 3. Accounting Records
- Retention Scheduling: 5. Contractual Records
- Retention Scheduling: 6. Project Records
- Retention Scheduling: 9. Information Management Records

5.1.3 Access

- Access to Public Records
- Data Protection Act 1998: A Guide for Records Managers and Archivists

5.1.4 Preservation

- Sustainable electronic records: strategies for the maintenance and preservation of electronic records and documents in the transition to 2004

5.1.5 Further information on these and other aspects of the management of public records can be obtained from:

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