

The Principles in Practice in a New RIM Program

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Editor's Note: This article is the first in a series highlighting how the Generally Accepted Recordkeeping Principles® (Principles) and the Information Governance Maturity Model (IMM) can be used to initiate, develop, and grow records and information management (RIM) programs in a variety of situations. Access these at www.arma.org/principles. Using case studies as illustrations, the series will examine how the Principles and the IMM have been applied in different industries and regulatory environments by organizations of all sizes and by people with varying backgrounds. The case studies are composites of actual organizations. Their names have been changed, but the challenges they faced and the creative solutions they found are real.

A small financial services firm and an oil and gas exploration company were both facing challenges with the need for new records management programs. As we will see, their similarities stem from the productivity and operational aspects of managing records to support business processes – the basic reason that records exist. What differs is how knowledge of the Principles and the IMM influenced their respective approaches to establishing a new records and information management (RIM) program, particularly the crucial decisions of where to begin and how to continue.

Case Study 1: Small Investment Advisory Firm Wants Document Management System

The Arbor firm offers investment services to individuals. It is regulated by the Securities and Exchange Commission, the Dodd-Frank Act, and the usual blend of state and local laws. It must comply with specific guidelines regarding its records.

The firm opened less than 10 years ago, and as a small business it strives to use technology for a competitive advantage. Many client account records begin as paper documents with original signatures, but they become images once certain business pro-

cesses are complete. The firm does not have standard file naming conventions, and most client records are scanned within the business process to a shared drive, sometimes more than once in the course of completing their workflow. Evidence of trading activities and various reports exist only as electronic records.

The firm has a compliance officer and has documented its policies and procedures for many of its regulatory requirements, including information privacy and security. It has an executive committee that includes the compliance officer, the CEO, and the CFO, with legal advice provided by a third-party firm.

Arbor has never destroyed anything, believing it is better to have proof of what was done than to be unable to produce a record. During a routine audit, however, it became apparent that multiple copies of the same documents existed under different names on various shared drives, making it difficult to identify the re-

cord copy of any document that an auditor requested. Searching was also a challenge because identical documents had different descriptive information on various spreadsheets. To ensure that it never has to face another audit that resembles a scavenger hunt, Arbor wants to implement a document management system for all of its records. Arbor recognizes that it needs help with records classification and standardized metadata. The question is, where does it start?

The Principles to the Rescue

Even though the Principles are arranged as a list, and it is tempting to move down them item by item like stepping stones, they are actually more like a starburst (see Figure 1). Some principles have a distinct regulatory flavor – for example, the Principles of Compliance, Protection, and Transparency. These focus on how the RIM program appears to those outside the business, including regulators, auditors, and litigators. Other principles have an operational context, such as the Principles of Accountability, Integrity, Availability, Retention, and Disposition. These touch more closely on how information is created and used internally for the ongoing functioning of the business, although, of course, they do have implications for external parties as well.

A small business in a highly regulated industry will likely concentrate its scarce resources first on areas that pose the most risk. Using the IMM as a guide, Arbor is at maturity level 2 (In Development) or at level 3 (Essential) in these areas. For example, in reference to the Principle of Compliance, Arbor has identified key laws and regulations and has a code of business conduct, as well as specific, measurable goals for compliance, but there is no hold process because Arbor has never destroyed anything.

In the context of the Principle of Protection, there is a written policy with well-defined confidentiality and

privacy considerations because client documents contain Social Security numbers, bank account numbers, and other sensitive data. Employees are trained in how to handle such information, access restrictions are in place, and a workflow is defined.

In reference to the Principle of Transparency, Arbor's business processes are documented, but RIM practices are spotty where they exist at all, with some formalized in writing and others largely *ad hoc*.

From an operations context, Arbor is most likely at a level 1 (Sub-standard). Integrity is not at a high level principally because the *office of record* – that is, the function responsible for the final, official record – is not clear. Hence, there are difficulties with multiple scanned images of the same documents stored under different file names. The Principles of Retention and Disposition are at level 1 because there are no retention policies or schedules; there is no sanctioned policy or methodology for careful, considered disposition in the due course of business; and there is

no mechanism for applying legal holds or other holds to records that may be needed for legal or tax matters.

What Arbor Did

Arbor was convinced that work on retention schedules would provide the classification scheme necessary for its planned document management system. Because they are part of RIM policies and procedures, retention schedules would have to be written and would cover such topics as retention, disposition, and legal holds.

The executive committee and the compliance officer reviewed the draft policies. The types of records were identified through meetings with individuals in all areas of the company to understand business processes and to analyze workflows. An important finding from the process and workflow analysis was learning how users search for documents. This discovery, in turn, helped Arbor develop standard metadata that could be used to store documents and to help develop the planned document management system.

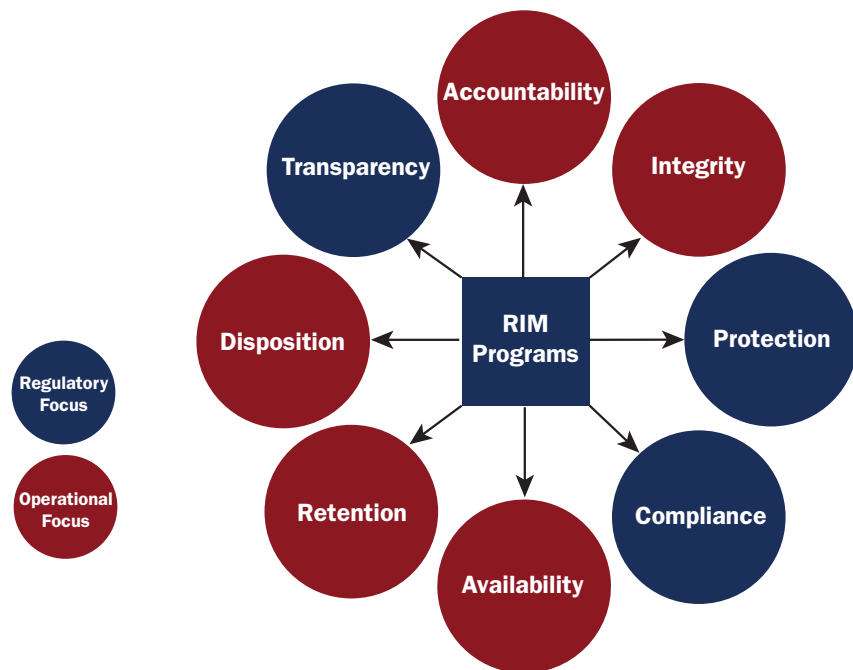


Figure 1: The Generally Accepted Recordskeeping Principles® Focus

Once workflows were understood, Arbor was able to identify who should be responsible for the official record copy – that is, the one that should be retained and available for regulators and auditors. Retention schedules that identified records classes and

Since its inception, OGE has experienced rapid growth. The company retains paper for original records but also produces imaged renditions that allow ease of access for authorized users from the many offices nationwide.

The initial focus of RIM activities

program.

Availability also approaches a Level 3 because there are standards for how records and information are stored, such as procedures for digitizing records. Also, established mechanisms promote timely retrieval, and such systems and infrastructure as RFID contribute to the availability of records.

A good next step would be to strive for conformity with the Principles of Retention and Disposition. Doing so would help ease the ongoing space problems by providing strong, documented guidelines for how long records must be kept and when they may be disposed of in due course, as long as no litigation or investigation is pending or imminent.

Disposition, in particular, would also encourage policies on holds, an element that shouldn't be overlooked in industries that rely on contracts and want to avoid or easily resolve the disputes that often arise in such situations.

As with many organizations with young records programs, OGE has much work ahead of it, but the Principles and the IMM can provide an excellent framework for how to proceed. Businesses that are growing need to balance what must be done to comply with external demands and what must be done to support efficient and effective operations. Meanwhile, the new records manager and staff can continue to add to their records knowledge by tapping into their local ARMA chapters and by making use of ARMA International's educational and networking resources.

Key Take-Aways

The key lessons from the two scenarios are as follows:

1. Address regulatory requirements first because non-compliance poses a real risk to the business. Do what is necessary to avoid risk, especially those risks that could result in sanctions, tarnished reputation,

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descriptions were devised, and retention times were applied by referencing the compliance officer's regulatory requirements and the business users' needs. Arbor also developed a basic records training program.

When all elements of the program were approved, Arbor achieved improvements in the Principles of Integrity, Availability, Retention, and Disposition, and the firm was able to map how it would move forward with a training program for all employees and an audit of the records program to determine how well staff was complying.

Case Study 2: Oil and Gas Exploration Firm Needs Room for Growth

OGE is an energy company engaged in exploration. Its work regularly involves deeds, leases, and contractual rights to access, enter, and drill on various properties, so the management of land records is critical. Like all utilities, OGE must comply with state regulatory commissions and with many layers of federal, state, and local environmental laws. In addition, the firm's records support its business objectives by enabling research on potentially rich new exploration areas and by supporting the writing of mutually beneficial contracts. Realizing this, the company established a RIM function very early in its history.

has been operational: making sure the right information is available to the right people at the right time. OGE has also instituted radio frequency identification (RFID) tracking for paper files because its records are highly active and circulate frequently. A staff of four records technicians provides support for about 30 researchers. A records manager was promoted from within the ranks and now oversees the team.

A major challenge has been space – both electronic and physical. Space for onsite paper records vies with space needed to accommodate additional employees. Some inactive files are stored offsite, but many more are retained onsite. The quest for additional space is ongoing and time consuming.

OGE is aware of the Principles, but as is common with many growing businesses, it has not had the time or the resources to use them in a formalized way.

A Quick Assessment

OGE nonetheless could use the Principles and the IMM to determine what to do next. From an operations standpoint, the company has already achieved some of the goals associated with the Principle of Accountability at a Level 3 (Essential), such as having executive awareness and sponsorship, having a records manager, and including electronic records in the RIM

and the ability to continue doing business.

2. Recognize that the Principles and the IMM comprise a framework, but there is no need to address each element in a linear fashion. Once the Principles of Compliance and Accountability are addressed, the next areas to conquer depend on the organization's operational needs. For Arbor, it was records classification and metadata standards, both of which resulted from beginning a records retention and disposition program. For OGE, it was information availability.
3. You can't do it all at once, so it's good to have a larger plan. Such a plan can also show insiders and outsiders how the program started, what is in development, and what is still to come. It indicates that you are aware of the deficits and have begun to address them. The Principles and the IMM are an orderly, methodical approach based on international standards. They make a strong basis for any new program's development plans.

Of course, the program isn't the only thing that will change. As it states in the Principles, "As a program progresses, the personnel charged with its management will likewise progress through a spectrum of increasing competence and effectiveness." Daunting as it may seem, starting from scratch can be highly rewarding – personally and professionally – for those involved in implementing a new RIM program or new program components.

Arbor and OGE are as different as can be – different industries, different regulations, and different approaches. Yet, by using the Principles and the IMM as guiding tools, both offer valuable lessons for organizations that are trying to establish a records program amidst fast growth. **END**

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