

PRINCIPLES FOR UPDATING YOUR INFORMATION PROGRAM

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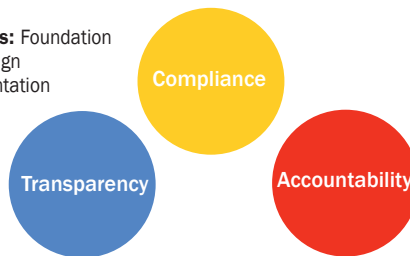


Revising a records management program can be as straightforward as editing a few retention schedules or as complex as changing the organization's information management culture. Some revision projects, especially those whose goal is to extend the records program into information governance (IG) territory, will feel more like a total revamp than a simple revision. In cases where records are to be produced and maintained electronically, program revision may entail a review of business processes as well as of the systems' capabilities.

Program revision may be stipulated by company policy; for example, it may require a routine review of retention schedules every 18 months to ensure that retention rules are up to date. Program revision may also be the result of external issues, such as new regulations, or it may be a response to internal changes, such as new reporting structures or management changes.

Generally Accepted Recordkeeping Principles®: Program and Records-related

Program-related Principles: Foundation standards for program design development and documentation



Records-related Principles: Elemental standards for records creation, use, handling, maintenance, and disposition

Figure 1: Records- and Program-Related Principles

Regardless of the reason for program revision, the Generally Accepted Recordkeeping Principles® (Principles) and the Information Governance Maturity Model (IGMM) are useful resources for approaching this work.

The Principles identify how work on fundamental elements affects the overall fabric of the program and, conversely, how high-level program demands influence what must be done at the records level.

Table 1: Program-related Principles

Compliance	The culmination of the information governance program that proves the organization's activities are conducted lawfully and in accordance with all applicable legal, regulatory, and ethical requirements.
Accountability	An oversight structure which, by definition, includes the means for approval of prescribed program elements, such as policies, procedures, training, and audit.
Transparency	The documented evolution of policies, procedures, and practices that allows all interested parties to understand the organization's business processes and records practices.

Table 2: Records-related Principles

Integrity	The authenticity and reliability of records and the systems that produce them.
Protection	Access security for confidential, privileged, and private records, as well as the ability to reconstruct records after a disaster.
Availability	The ability to find records needed for business, legal, or compliance purposes.
Retention	What records exist and how long they are kept based on operational, legal, fiscal, and historical requirements.
Disposition	What happens at the end of the records' life cycle and how it should occur, with the understanding that life may be prolonged if there are tax, legal, or regulatory holds.

Conceptualizing the Principles

Doing program revision tasks can sometimes feel like going in circles, but revisions in one aspect of a records program often have benefits for other aspects. This is because, although they are presented as separate and distinct concepts, the Principles are inter-related.

Program-related Principles

Figure 1, "Program- and Records-related Principles," shows the Principles as two groups. At the top, the Principles of Compliance, Accountability, and Transparency can be thought of as all-encompassing because they establish standards for the development, documentation, and context of the entire program. Like the primary colors of red, blue, and yellow, their essence does not change. They influence program success or failure because they give shape to the whole program.

For a summary of these Principles, see Table 1, "Program-related Principles."

Records-related Principles

In the lower half of Figure 1 are the

Principles that relate to the records themselves: Integrity, Protection, Availability, Retention, and Disposition. These are the elements that must be considered for every record type. They can be adjusted for greater or lesser intensity depending on what is needed for a specific circumstance. They give specific directions for the records governed by the program and are summarized in Table 2, "Records-related Principles."

Two case studies illustrate how the Principles can guide information professionals through little program tweaks or major overhauls.

Case Study: Teagan Foods' Program Revamp

Teagan Foods produces several lines of canned and frozen foods for the U.S. and international markets. It operates processing plants in several states, using domestic crops as well as raw materials imported from Canada, Mexico, and Argentina.

The company comes under scrutiny from the U.S. Department of Agriculture, and as a publicly traded corporation it must comply with SEC

regulations, plus all federal, state, and local tax codes. As a manufacturer, the company must also comply with environmental laws, labor laws, and health and safety requirements.

Describing the Current Program

Teagan has a records program that includes policies, retention schedules, and procedures, but it is more than 20 years old and was developed around paper records. Many processes – from ordering materials to monitoring processing operations – have become electronic, but these are not reflected in the existing retention schedules. Records policy requires that retention schedules be reviewed every 18 months, but this is done by simply mailing a copy of an existing schedule to a function manager. With staffing changes, it is often hard to find the right person to review the schedule. Also, because records training is not regularly given, most managers who receive a retention schedule for review don't really know what it is or what they're supposed to do with it. The records staff members perceive their role as mostly managing the relation-

How the Generally Accepted Recordkeeping Principles® Relate to Each Other

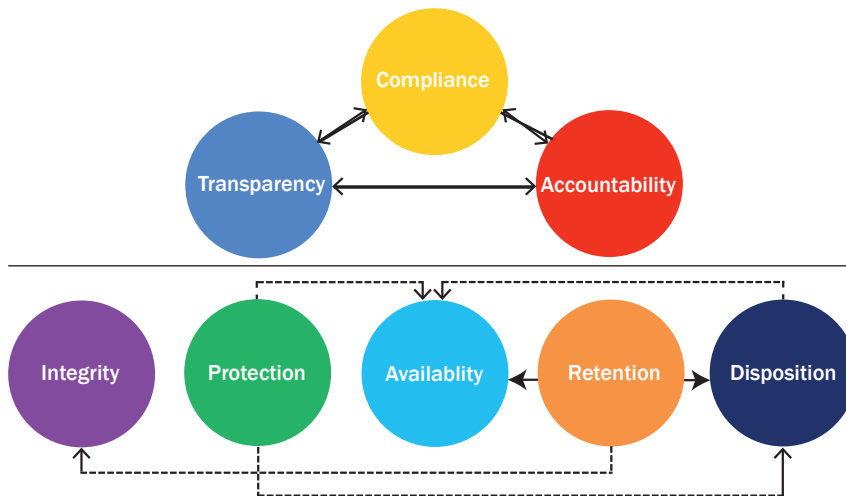


Figure 2: How the Principles Relate to Each Other

ship with an offsite storage provider to keep costs under control.

Teagan has made some changes in executive management, and the records function, which has reported through administration, will now become part of the law department. The corporate counsel is looking for specific recommendations on how to revise the existing program so it is policy-driven, includes electronic records, and ensures that all records needed for operations, compliance, and litigation are identified and managed in a systematic way. She is concerned with how the company looks to outsiders and believes that company policies should be readily available and easily explained to any interested third party – whether it is a regulator, business partner, or litigator.

Revamping Teagan's Program

Corporate counsel's immediate goals are high level and all encompassing. There needs to be a revision in why the records program exists and how it operates. Cost savings are less important than being able to demonstrate that Teagan understands its legal and regulatory responsibilities and takes them seriously.

As shown in the top half of Figure 2, "How the Principles Relate to Each Other," Accountability, Compliance, and Transparency are program-related Principles that affect each other, as well as the shape of the program.

On learning about the Principles, corporate counsel decides to use them to put a structure in place that will provide authority over the program as well as ensure that resources are available to evaluate compliance needs, formulate appropriate responses, and document the resulting processes. She takes the following steps.

Establish Accountability. Beginning with Accountability, the corporate counsel determines there will need to be a collaborative, multi-tiered approach to revamping the program. At the highest level will be an IG oversight committee composed of senior executives from tax, legal, HR, IT, and finance to evaluate risk and interpret regulations as the program progresses. The records oversight committee will have approval authority for the entire program. This group of executives is proof that Teagan takes its responsibilities seriously.

On the second tier will be the IG development committee composed of

designated managers from the business areas who function as subject matter experts and are able to provide knowledge of requirements and business processes as work progresses.

Ensure Compliance. To determine Teagan's state of compliance, the corporate counsel confers with the business managers on the development committee to assemble a master list of applicable regulations. Using the IGMM as a guide, she determines that Teagan is at a level 2 for the Principle of Compliance.

By conferring with the oversight committee regarding critical vs. non-critical risks, she determines that Teagan's priorities to strengthen compliance must include a peer relationship between records and IT staff, a business code of conduct, and a stronger, more integrated legal hold process. It is through the development committee that Teagan will show that it understands its legal and regulatory responsibilities.

Having established accountability through the IG oversight team, and with a clearer idea of compliance priorities from the development team, the last – but certainly not the least – tier is put in place as the IG implementation team.

Form IG Implementation Team. This group includes the records manager, IT manager, and other experts who, in concert with the development committee, will draft revisions to current policies, procedures, retention schedules, practices, training, and audit standards governing records-related issues.

By interfacing with the development committee, the implementation team will determine how, and at what level of maturity, the Principles of Integrity, Protection, Availability, Retention, and Disposition must be incorporated into the fabric of the company's operations. It is through the ongoing work of the IG implementation team that the Principle of Transparency will be achieved.

The records manager at SSLC understands the inter-relationships of these Principles and begins by reviewing the business processes associated with the new loan system to see what changes might be needed to records descriptions.

Case Study: wSSLC's Retention Schedule Revision

State Student Loan Corporation (SSLC) services student loans for the U.S. Department of Education. The organization makes various types of education-related loans, collects payments after graduation or termination of attendance, and follows up on delinquencies.

Describing the Current Program

Business processes are paper-driven for the initial loan application, and payment is made either electronically through direct funds transfer or through paper payment coupons with checks, which are digitally imaged. All paper and e-mail correspondence with loan holders is also kept.

One complicating factor is that a single student may have multiple loans throughout his or her undergraduate career as well as several loans throughout graduate, law, or medical school. From a business process perspective, it is challenging to know at what point repayment should start, such as when a student graduates or when he or she decides not to return to school.

Though small, SSLC has a well-documented records program. The retention period for loan-related documentation and payment records is 30 years from the date the loan was granted. This retention length was a compromise that was made when the original retention schedules were prepared. There was resistance to an event-driven retention period at

the time because SSLC's home-grown database had no good way to know which loan closed when, as payments were applied manually and not always consistently among all of a student's open loans. At SSLC, a closed loan generates a business process requiring the printing of the entire history of that loan. Many boxes of these voluminous histories occupy the basement.

As is true of many older databases, it is impossible to remove records from the database, even for loans that have been paid in full. The main database has become huge and slow, hampering fast availability of records needed for reference when talking with loan recipients who call with questions or updates.

Storage of image files and correspondence associated with loans is becoming expensive. The basement is reaching capacity for stored boxes. It is becoming clear that 30-year retention is not viable.

Identifying Drivers for the Revision

SSLC is about to acquire a new system for loan initiation and tracking that will apply payments automatically, identify closed loans easily, and encapsulate and remove to offline storage for retention the records associated with closed loans.

SSLC would like to disposition records that have reached full retention, but to do so must revise its records retention schedules and disposition policies, considering such factors as

the degree of protection required for these records, which contain such personally identifiable information as Social Security and bank account numbers.

Developing the Revision Plan

SSLC wants to revise the existing retention schedule for loan documentation. As shown in the lower half of Figure 2 on page 40. Retention is the keystone among records-related Principles, touching the Principles of Integrity, Protection, Availability, and Disposition. Work on Retention will ripple through the other Principles like a breeze through wind chimes. SSLC takes these steps.

Review Business Processes. The records manager at SSLC understands the inter-relationships of these Principles and begins by reviewing the business processes associated with the new loan system to see what changes might be needed to records descriptions. This exercise yields several important insights for the Principles of Retention, Protection, and Integrity:

- There are new interim reports the system produces and stores in PDF format. These records need to be added to the description of loan documentation on the retention schedules.
- More protected data is gathered in the new system than previously, including a graduate's employer, salary history, and ongoing credit checks. These will need to be protected.
- There is a potential integrity issue in the new system. When records identified as closed are encapsulated and moved to offline storage, the date of the move automatically overrides the date entered for loan satisfaction. This discrepancy needs to be addressed because it affects the reliability of the record itself as well as when the clock starts to tick for retention.

Determine Retention Requirements. In talking with loan officers, the records manager finds that regulatory requirements for loan records are the close of the loan plus seven years. However, input from tax staff and legal counsel shows that a retention of 10 years after repayment would better suit the company's availability needs for audit purposes.

Once approved and documented, the new retention period will need to be applied to the boxes of paper stored in the basement, and the boxes that have reached full retention will need to be identified so they can be disposed of properly.

On the plus side, the need to print, box, and store voluminous paper summaries of each closed loan's history to ensure its accessibility for 30 years will no longer be necessary.

Plan for Legal Holds. It is agreed that disposition of loan records at full retention will require review and approval by loan officers and the tax and legal departments to ensure that if records are under dispute or needed for legal action, they will not be destroyed. This generates discussion about how to place a legal hold

on records in the system and in offline storage to ensure they are not destroyed.

Safeguard Personal Information. Additionally, the disposition of protected information – both electronic and paper – will require safeguards to ensure that it is kept secure throughout any handling or transport until it is finally disposed.

Sighing heavily, the records manager notes the work yet to be done, but also knows that the organization will mature in the Principles of Integrity, Availability, and Protection as the result of its revisions to comply with the Principles of Retention and Disposition.

Moving from Grass Roots to Executive Sponsorship

For years, RIM programs were constructed from the bottom up, and compliance was the byproduct of grass roots practices. The electronic world, the stricter regulatory climate, and the reality of electronic discovery have made compliance-by-design more necessary.

Mandates for IG now flow from top executives who find them-

selves accountable for their organizations' information processes and practices. The fact is, records programs are meant to be revised because they are not only ongoing guidance for an organization's internal users, but also the basis for how the world judges its business practices.

Reaping the Benefits of the Principles

The Principles can provide an organized, structured way through the program revision process. The high level, all-encompassing, program-related Principles of Accountability, Compliance, and Transparency can help you build the proper framework to shore up and keep current the IG program. The interactivity of the records-related Principles of Integrity, Availability, Protection, Retention, and Disposition means that improving the program in one of these areas also drives improvements in the others, ensuring that no work is wasted and the outcome is better, stronger governance. **END**

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