



Understanding Digital Records Management

Records Management Solutions for Today's Regulatory Environment

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Executive Summary

Records management systems simplify the life cycle management of business records. A records management system supports the automatic enforcement of consistent, organization-wide records policies and reduces the cost of regulatory compliance. This white paper explains the specifics of records management, from defining what records are and what records management is to explaining how to choose a quality records management application.

Since 2005, records management has become increasingly important for organizations due to new compliance regulations and statutes. While government, legal, financial and healthcare entities have a strong history of records management, general record keeping of corporate records has been poorly standardized and implemented. Scandals at companies including Enron and Arthur Andersen, and, more recently, at Morgan Stanley, have renewed interest in corporate records compliance, litigation preparedness and other issues. Most legislation and regulations have been handed down with no road map for compliance. Security and compliance officers as well as records managers have been left to fend for themselves in search of the right combination of products and procedures to ensure that complying with these regulations does not disrupt day-to-day operations or their ability to do business.

Fortunately, there is a records management standard that has emerged as the de facto standard across most industries. The United States Department of Defense (DoD) developed a records management standard, DoD Standard 5015.2, as a requirement for records management applications implemented within its departments.

Unlike other requirements, the DoD developed very specific criteria, as well as a formal testing process to determine whether a records management application meets the standard. Because of the formal testing process and the strictness of the requirements, organizations outside of the DoD have used the 5015.2 standard as a starting point for evaluating records management applications for their own use. Knowing that a DoD-certified application has been rigorously tested against a standard that is much more demanding than the regulations they must comply with provides a great deal of comfort to compliance officers and records managers.

The goal of this white paper is to describe the principles and generally accepted practices of records management. Information presented is of a theoretical nature and is not specific to any particular product or technology.

Records Management Overview

Understanding the concept of a “record”

Records consist of information created, received and maintained as evidence of business activities. The International Council on Archives (ICA) defines a record as “recorded information produced or received in the initiation, conduct or completion of an institutional or individual activity and that comprises content, context and structure sufficient to provide evidence of the activity. While the definition of a record is often identified strongly with a document, a record can be either a tangible object or digital information which has value to an organization.”

The Federal Records Act (44 USC 3301) indicates that records include “all books, papers, maps, photographs, machine readable materials, or other documentary materials, regardless of physical form or characteristics, made or received by an agency of the United States Government under Federal law or in connection with the transaction of public business and preserved or appropriate for preservation by that agency or its legitimate successor as evidence of the organization, functions, policies, decisions, procedures, operations or other activities of the Government or because of the informational value of data in them.”

Records often consist of documents, but they can also contain other forms of content, such as photographs, blueprints, maps, audio files or even Web pages. Birth certificates, medical x-rays, office documents, databases, application data and e-mail are all examples of records.

The notion of a record carries with it more meaning than that of a document: a document is merely a means of recording information, whereas the notion of a record encompasses the roles the underlying document plays within an organization over time, the relationship the participant in a society has to that record, and the relationship between the record and other records.

Determining which records to keep

To identify which records your organization should keep, you must consider several issues.

What does your organization do that needs to be documented? What types of records are created in your organization? What are your mission-critical records? Which records document decisions or are part of the audit trail? Examples might include permit files, project files, reports, publications, time cards, personnel files, contact files and so on.

Look at each type of record and decide why it is created and maintained. You may be required to create and maintain records for a number of valid reasons, including program administration, management reporting, federal or state statute, federal regulation or organizational policy or procedures.

You may find that many of the series on the list for your office are working files, files maintained for convenience or reference materials. Reference and personal convenience are valid reasons for keeping records, too. Frequently, the only justifications for maintaining files are personal ones, such as “I need the records for reference,” “Joe wanted me to keep a copy,” “Somebody may ask for it” and “I don’t trust anyone else to keep it.”

To determine which records must be kept, focus on the files that directly support your organization’s mission, corporate history or administration. These are your corporate records, without which your organization could not function, and these are the ones you need to control.

Identifying the list of corporate or mission-critical records is the most important and the most difficult step in the records management process. It takes a little time, but the benefits are great and it will allow you to manage your information assets much more effectively and efficiently.

Defining records management

Records management is a specialized branch of document management that deals with information serving as evidence of an organization’s business activities. Records management includes a set of recognized practices related to the life cycle of that information, such as identifying, classifying, archiving, preserving and destroying records. The ISO 15489: 2001 standard defines it as “the field of management responsible for the efficient and systematic control of the creation, receipt, maintenance, use and disposition of records, including the processes for capturing and maintaining evidence of and information about business activities and transactions in the form of records.”

The fundamental concept behind records management is the idea that **each record has a life cycle**. “Life cycle” refers to the stages that every official business record must go through. After a record is created, it must be filed according to a defined, logical scheme into a managed repository where it will be available for retrieval by authorized users. When the information contained in records no longer has any immediate value, the record is removed from active accessibility. Depending on the nature of the record, it is either retained, transferred, archived or destroyed.

The practice of records management involves the following activities:

- Creating, approving and enforcing records policies, including a classification system and a records retention policy.
- Developing a records storage plan, including the short- and long-term housing of physical records and digital information.
- Identifying existing and newly created records, classifying them and then storing them according to standard operating procedures.
- Coordinating access to and circulation of records within and outside the organization.
- Executing a retention policy to archive and destroy records according to operational needs, operating procedures, statutes and regulations.

Tools for maintaining and using records include file plans, indexes, controlled vocabularies, taxonomies, data dictionaries, and access and security procedures. The main tool used to manage the disposition of records is the **records schedule**. A records schedule is the official policy for records and information retention and disposal. The schedule provides mandatory instructions for what to do with records, as well as nonrecord materials, that are no longer needed for current business.

Other benefits of using a records schedule are:

- Ensures that the important records are organized and maintained in such a way as to be easily retrieved and identifiable as evidence of your activities (especially in the event of an audit, a FOIA request or discovery for a lawsuit).
- Conserves office space and equipment by using filing cabinets to house only active records.
- Saves money by the regular transfer of inactive files to less costly storage areas for subsequent disposition.
- Helps preserve those records that are valuable for historical or research purposes.
- Stabilizes the growth of records in offices through systematic disposition of unneeded records.

A **records series** is the basic unit for organizing and controlling files. Series are file units or documents that are kept together because they relate to a particular subject or function, result from the same activity, document a specific type of transaction, take a particular physical form or have some other relationship arising out of their creation, receipt, maintenance or use.

The series concept is a flexible one, and your organization should be careful to create series by organizing documents in ways that facilitate management of the records throughout their life cycle.

Each record series should be located separately from all other records, and each record series must be covered by a records schedule.

Identifying the benefits of records management

Records enable and support an organization's charge to fulfill its mission. Every organization must address well-defined objectives that add value, either by achieving goals or reducing costs. Because records contain such valuable information, it is essential to take a systematic approach to their management.

Records management:

- Enables more informed decision making, by making information readily available.
- Helps deliver services in a consistent and equitable manner.
- Facilitates effective performance of activities throughout an organization.
- Protects the rights of the organization, its employees and its customers.
- Provides continuity in the event of a disaster.
- Protects records from inappropriate and unauthorized access.
- Meets statutory and regulatory requirements including archival, audit and oversight activities.
- Provides protection and support in litigation.
- Allows quicker retrieval of documents and information from files.
- Improves office efficiency and productivity.
- Provides better documentation more efficiently.
- Supports and documents historical and other research.
- Frees up office space for other purposes by moving inactive records to storage facilities.

Managing electronic records

The general principles of records management apply to records in any format. Digital records, almost always referred to as **electronic records**, raise specific issues. It is more difficult to ensure that the content, context and structure of records is preserved and protected when the records do not have a physical existence.

Unlike physical records, electronic records cannot be managed without a computer. Functional requirements for computer systems used to manage electronic records have been produced by the Department of Defense (DoD). DoD Standard 5015.2 has become the de facto standard for records management software across a wide spectrum of industries. DoD 5015.2 outlines the baseline functionality required for records management applications used by the U.S. Department of Defense and has been endorsed by the National Archives and Records Administration (NARA) as an “adequate and appropriate basis for addressing the basic challenges of managing records in the automated environment that increasingly characterizes the creation and use of records.” Records management applications that have been certified as DoD 5015.2 compliant provide the peace of mind that comes from an objective, third-party evaluation.

While records management applications that have been certified as DoD 5015.2 compliant represent an objective, third-party evaluation, they do not guarantee regulatory compliance or records security.

Particular concerns exist about the ability to access and read electronic records over time. Electronic records require appropriate combinations of software versions and operating systems to be accessed, and so are at risk because of the rate at which technological changes occur. A considerable amount of research is being undertaken to address this issue, under the heading of **digital preservation**.

Understanding Digital Records Management

Records management applications simplify the life cycle management of business records. A records management application supports the automatic enforcement of consistent, organization-wide records policies and reduces the cost of regulatory compliance. Records management applications must protect records from loss and tampering, while allowing the records manager and other decision makers access to necessary information.

Often, a records management application can help with the capture, classification and ongoing management of records throughout their life cycle. A records management application can be paper-based, like paper medical charts, or it can be digital.

Records management software is a computer program used to track and store records. This is different from imaging or document management systems that specialize in paper capture and document management, respectively.

Records management applications commonly provide specialized security and auditing functionality tailored to the needs of records managers, including:

- Improved efficiency in the storage, retention and disposition of records and records series.
- Detailed reports of which records are eligible for transfer, accession or destruction.
- Audit trails to track all system activity and the entire life cycle of records.

Records management applications enable the application of systematic controls and policies concerning the life cycle of those records that detail an organization's business transactions. Records management applications should allow organizations to file records according to a determined scheme, to control the life cycle of records, to retrieve records based on partial information and to identify records that are due for final disposition.

Record series

A records management application must allow users to control the life cycle of records, to maintain the relationships among records and participants, to provide for filing according to a logical scheme, and to allow for rapid retrieval based on partial information.

Records management applications are organized around the central concept of a record series. A record series is a group of records with instructions governing the life cycle of the constituent records. Record folders are created within record series as areas to file documents. Multiple record folders can be created beneath a single record series and processed at different times, but all must follow the guidelines dictated by their record series. That is, record folders are organized hierarchically under series.

Each record corresponds to at least one document in a record folder. A document is filed in exactly one record folder. The records management application must allow records to be re-filed into different folders or series after the initial filing. Every object has a unique identifier during the lifetime of the records management application.

Metadata

Each record, record series and folder maintains a set of metadata fields. Every metadata field has a readable name or designator, and corresponding data that can be stored in the field. Some fields are mandatory, meaning they must contain a valid entry, while other fields can be filled in optionally. The records management application should automatically fill and maintain fields as is reasonable and appropriate, although it must also enable users to manually populate fields with information.

There must be an option to search for documents and records using metadata. The records management application must have a way to constrain the type of data that can be entered in a field. It must also limit the general editing of all metadata to the time of filing, except for authorized users who will have the ability to edit and correct filing errors.

The records management application must allow records to be refiled in different folders or series after their initial filing in order to meet DoD 5015.2 criteria. A records management application must also have a way to control the metadata fields associated with every record, record series and record folder. Again, it must limit the entering of metadata to the time of filing, yet allow authorized users to edit and correct filing errors.

Linking

The records management application must allow users to indicate related records through **linking**, a form of metadata that defines and establishes relationships between documents. Examples include supporting documents, superseded/successor records, multiple renditions and incremented versioning. A records management application should allow document links to be established by all users at the time of filing, but only authorized users should be able to create, modify or remove links post-filing.

Versioning

Versioning is a special document relationship used to indicate an auto-incremented sequence of revisions to a particular record. The records management application must allow users to establish record versioning. Versions must be retrievable as if they were independent documents and contain their own metadata. A records management application must clearly indicate whether a record has multiple versions and which version is the most recent.

Security tags and audits

Security tags represent a metadata field intended to define and restrict access to records, as well as aid in their classification and retrieval. A records management application must allow the records manager to define security tags and allow users to assign tags to records upon filing. Only authorized users should be able to modify or remove security tags post-filing. The records management application must also support the **audit** of all filing, handling and disposition of records.

Vital records

Vital records—those records deemed essential in order for an organization to resume business operations immediately after a disaster—are subject to periodic review and update. A records management application must provide a way to assign a review cycle to vital records and detail when they were last reviewed. Examples of vital records include emergency operating records or legal and financial rights records. The records management application must also offer a way to retrieve all vital records, identify when they were last reviewed and indicate vital records due for review at any given moment.

Vital record status is determined by the record folder, such that all records inside a vital records folder are considered vital records. Vital records cycle periods may be of any time range, from daily on up, and may also be specified by the records manager. The vital record review date and cycle period can be set by authorized users only.

Cutoff

Each record series has an associated set of retention and disposition instructions. This must consist of all of the following: **cutoff criteria**, which determine when the records in a series can be cut off; a **retention period**, which is given as one or more intervals of time between cutoff and each action; and a list of **disposition actions**, which describes the actions that will happen to an inactive record after each retention period is over.

All record series will have a non-zero value for cutoff criteria, although the possible numbers of retention and disposition events could range from zero to infinite. A retention period that occurs between cutoff and the first disposition action can also be known as the hold period. Logically, disposition instructions can be segregated into cutoff criteria, and what happens after cutoff.

Cutoff criteria can take three forms: **time disposition**, **event disposition** and **time-event disposition**. The cutoff criteria define the cutoff eligibility for record folders located within a given record series. In time dispositions, the record series defines a time-based cycle period and the records in that series become eligible for cutoff once the period has finished. As an example, a monthly cutoff period would make records eligible for cutoff at the first day of the following month.

In event disposition, eligibility occurs when an external event has occurred. The specific trigger for the event is defined on the individual folder level within the record series. The records manager will generally have to indicate to the records management application that the event has occurred, although there are circumstances where it would be preferable for the records management application to automatically note that an event has occurred, such as when the event involves changes recorded within the records management application itself.

In time-event disposition, the triggering of the event inactivates the record, although it is not eligible for cutoff until further time-based criteria are satisfied. An example of this would be a record folder whose contents would be eligible for cutoff on the first day following the month containing the relevant event.

Closing records

When the records manager or records management application indicates that an event has occurred for a record folder with an event or time-event record series, the folder is closed so no new records can be filed and all the records in the folder are held inactive, with no modifications allowed. For time record series, these cannot happen until after the folder is cut off.

Any time after a record folder is eligible for cutoff, the records manager may elect to **cut off** the folder. Because a record series acts to define the retention/disposition process, it can never be cut off itself—all cutoff and further disposition events must occur at the folder or record level. While the records management application maintains the status of cutoff eligibility, it is the records manager who must initiate cut off—there is no automatic cut off of folders by the records management application. Cutting off a folder prompts the beginning of the retention period and also closes and inactivates folders located within time series. During the interval between any folder being closed and being cut off, regardless of cutoff eligibility, the records manager can reopen the folder, allowing for further filing and re-activation of records. For event and time-event series, this implies that the event did not occur, clearing the original event date and removing any cutoff eligibility the folder may have had.

Retention

The first retention period, known as the **hold period**, can be of any duration, including zero. Once the retention period is over, the records in a folder are said to become eligible for **disposition**. During the hold period, the records are stored within the current file area and must still be accessible within the system. At any time during the hold period, the records manager may choose to un-cut off folders within an event or time-event series. This would be done primarily to invalidate inappropriate event eligibility and has the same effect as reopening a non-cutoff folder. Because there would be no reason to invalidate time-based eligibility, the records manager should not be able to un-cut off folders contained within a time series. When a folder is un-cut off, the records management application changes the status of the event to a non-occurred status. Regardless of disposition eligibility status, the hold period does not end until a further disposition action is performed on the specific record folder, moving it out of the current file area.

Disposition

After the hold period is over, inactive documents can be subject to one or more disposition actions. There are two types of available disposition actions that must be handled by the records management application: interim transfers and final disposition. Zero or more interim transfers can be selected. If selected, these actions will be applied in sequence and there will be a retention period between each transfer. The available actions for final disposition are accession and destruction. They always occur after any and all transfers have taken place. At most, one final disposition can be chosen.

Interim transfers and final dispositions also differ in their eligibility requirements. The eligibility requirement for a final disposition is a strict rule—a final disposition cannot be performed if the record folder is not specifically eligible for it. Interim transfers are much more lenient, however, allowing for transfers to take place when they are not necessarily eligible, in different order than outlined by the record series, or even to be outright skipped. This is because the record is still under the authority of the original institution and they can choose how to handle it.

Transfer is the act of moving records out of the current storage area. For physical records, this might entail moving boxes of records out of prime office space into low-cost warehouses. For electronic records, this might mean exporting the documents to optical media and then deleting the online copies.

Destruction is the act of permanently destroying documents. For most records management applications, this is deletion. Records located within record series designated as containing permanent records cannot be destroyed.

Accession is very similar to transfer. The difference is that transfer involves movement of records while still maintaining authority over them, whereas accession is the transfer of responsibility and authority over the records to another organization, generally for archival purposes. Records with no final disposition are held inactive but available for access in perpetuity.

The records management application must allow for the exporting of entire record folders and their metadata values for transfer and accession events. Following confirmation of a successful transfer, the records management application will be instructed to maintain the records, maintain just the metadata or completely delete the records. Accession or destruction events require the records management application to delete the electronic records, although the records manager must be allowed to specify whether to save and store the associated metadata components. Following each transfer, the next action may be another transfer, or it may be a final disposition. No action is taken upon the record after final disposition.

Freezing

At any time, a folder may be **frozen** by the records manager. The records management application must also request a **freeze reason** upon freezing. The act of freezing a folder halts all dispositions on it. Furthermore, when a folder is frozen, no records can be removed from it, regardless of whether they were in the folder when the freeze event occurred, and no records in the frozen folder can be modified. If the folder is active, then the folder cannot be cut off, even if the folder would normally be eligible for cutoff. If the folder is being held as inactive, it will not enter disposition, even after the retention period is over. If the folder is held in disposition, it will not progress to the next action. A frozen folder may be unfrozen by the records manager once it can re-enter normal retention/disposition.

Choosing a Records Management Application

Records management systems require special considerations above and beyond a document management system.

- The records management application should support custom searches based on record properties, retention or disposition properties, full-text content, template fields, folder location, sticky-note contents and more.
- It should be possible to save search results in a usable format, such as an Excel® spreadsheet.
- The application should manage the full life cycle of the record, from document creation through declaration as a record to final disposition.
- The application should provide detailed reports of which records are eligible for transfer, accession or deletion.
- There should be audit trails to track all system activity.

Transparent records management

The fundamental concept behind records management is the idea that records have a definite life cycle that involves various stages. For example, when a record is created, it must be filed according to a well-defined file plan so that it will be easily accessible to authorized users. Similarly, once a record has been retained for a specified time period, it may need to be destroyed in order to comply with state and federal regulations.

With **transparent records management**, records management requirements do not interfere with your line of business. Transparent records management allows records managers to retain control over the way information is categorized and filed outside of the view of everyday users of the system. A full-featured records management application should offer a “check-in/check-out” feature, which is a collaboration feature allowing multiple users to modify documents and track changes while still having the safety of keeping documents from being overwritten. More than a simple version control, this feature ensures the security of documents before they are saved permanently.

Records management staff in departments utilizing documents in a primary role generally understand your records management needs and will make sure the records management application will work for all departments, including those that use documents in a supporting role. In fact, one of the greatest strengths of a digital records management system lies in the way it enables records managers to create a file plan and manage retention schedules without interfering with any department’s line of business. A well-designed system will handle records management transparently, meaning that once it is set up, users will not have to actively participate in the process, while records managers still have control over ultimate file indexing, archiving and disposition. Furthermore, the system will enable records managers to more easily apply consistent policies to records in a variety of media, from Web content to archived e-mail messages to audio and video files.

Legal considerations

Legally, records must be trustworthy, complete, accessible, admissible in court and durable for as long as the retention schedule requires. Records management applications are uniquely positioned to help records managers meet these requirements. Whereas paper files are vulnerable to fire, flood and theft, digitized files enjoy multiple layers of protection. Security features protect records from tampering or unauthorized release, while auditing functionality allows you to monitor the actions users take on a record. To assist in disaster recovery planning, records management software enables you to copy records to disc or other unalterable media for off-site storage. If an incident occurs, you can typically restore your archives in a matter of minutes, which allows you to access the critical information you need to respond effectively and to ensure organizational continuity.

Because Web content plays an increasingly large role in service delivery, effective management of Web records is also critical to mitigating risk. Using a records management application, you can take snapshots of your Website at regular intervals and retain these files according to a specified retention schedule. These records will prove highly useful in the event of a legal challenge, or if the original Web content is compromised or lost.

Conclusion: Records Management in Today's Organizations

Once a file plan has been established in an organization, a records management application will manage the document life cycle as defined within each record series. Users simply file records in the appropriate folder, and they will be prompted to enter any required metadata that hasn't been automatically captured. The records management application will then take over.

Records managers can run reports detailing where records are in their life cycle, which records should be reviewed and which records are eligible for transfer, accession or destruction. Additionally, all system activity is logged, providing an audit trail that tracks the entire life cycle of the records that can be used to prove adherence to the records management plan and adherence to legislation and/or compliance with regulations.

While their records management requirements might not be as detailed as the DoD standard, organizations can use all or some of the tools provided to implement a solution that fits their exact needs. The right records management application will provide all the tools necessary to design and implement a DoD-compliant file plan for the management of all imaged, electronic and physical records.

The Laserfiche Institute teaches staff, resellers, and current and prospective clients how to use Laserfiche most effectively. As part of this mission, the Institute conducts more than 500 Webinars each year, covering a variety of topics. The Institute also hosts an annual conference where members of the Laserfiche community attend presentations and network with each other to share ideas and learn best practices. Additionally, the Institute conducts a number of regional training sessions and provides resellers with content for over 100 user conferences each year.

The Institute also develops and distributes educational material through the Laserfiche Support Site. On this Website, clients can access training videos, participate in online forums and download technical papers and presentations that help them become even savvier EDMS users.

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