Integrating Records Management
Requirements into Financial Management
Information Systems (FMIS)

Management Brief

International Records Management Trust

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FINANCIAL INFORMATION IS AT RISK

When financial information is at risk, the fundamental functioning of government is at risk. Increasingly financial records are generated through the introduction and use of financial management information systems (FMIS). While these systems are designed to support the efficient and effective management of government finance, they often are implemented without the processes and controls required to manage the quality and integrity of the records they generate. Inadequate links between electronic and paper records, combined with existing poor practices for managing paper financial records, exacerbate the situation.

Failure to manage financial records in FMIS applications means that one of the most critical systems needed to support government services and accountability is at significant risk of misuse, mismanagement and irreparable loss of information. This, in turn erodes government accountability, enhances the potential for corruption and undermines the confidence of citizens, investors and donor/lender organisations in the trustworthiness of the records.

GUIDANCE IS AVAILABLE

Recognising the seriousness of the situation, the International Records Management Trust has developed a *Guide to Integrating Records Management Requirements into Financial Management Information Systems*, with funding from the UK Department for International Development. The *Guide* is available without charge. The aim is to support managers of financial management programmes and other senior stakeholders, records managers, vendors of FMIS products and the international development community in understanding and applying international good practice in this area.

The *Guide*, which is presented in five modules, sets out the fundamental concepts associated with records management and provides guidelines on policy, management and systems requirements. These three sets of guidelines are mutually dependent. Systems requirements for records management cannot be successfully integrated into financial management information systems unless a broader management framework in place to support their implementation. Similarly, a management framework cannot exist without a policy to authorise, direct and enable its existence. The interrelationship between the guidelines is shown below.
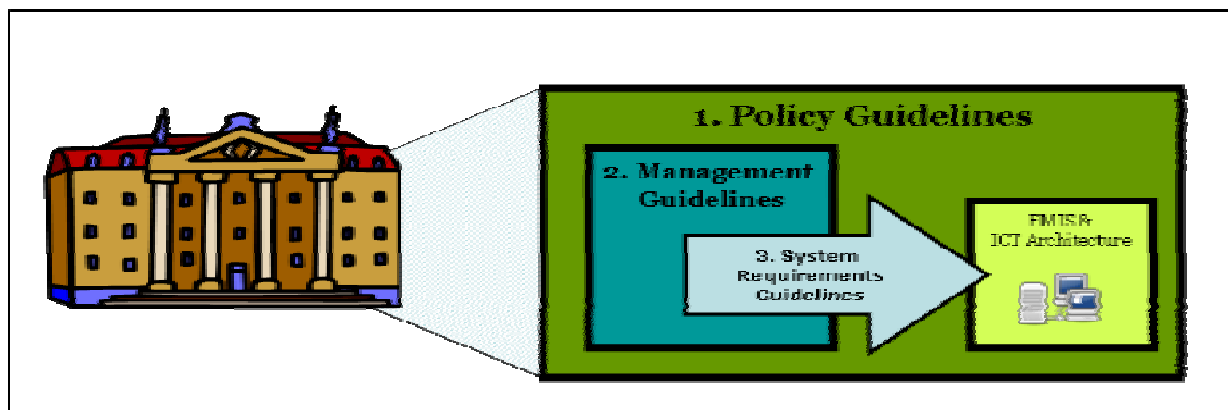
RISK ASSESSMENT FOR FMIS AND FINANCIAL RECORDS

Before the *Guide* can be used effectively, it is important to define the present level of risk in relation to electronic financial records. This brief assessment exercise provided below will help to evaluate the risk. For each of the seven brief questions below, please check the box that best describes the situation in your organisation. Add the scores for the seven questions. Ideally, the organisation should score in the 11 to 14 range; if it scores less than seven points, there is considerable risk.

1. AWARENESS		
☐	0 points	A) There is very little awareness among those involved in FMIS of the challenges in managing electronic financial records.
☐	1 point	B) Most of those involved in FMIS have heard of the challenges of managing electronic financial records but this awareness has not led to action.
☐	2 points	C) Everyone involved with the FMIS is aware of and understands the challenges of managing electronic financial records and steps are been taken to act on this awareness.
SCORE: _____		

2. LEADERSHIP		
☐	0 points	A) No one involved in the FMIS has taken a leadership role in addressing the issues of managing electronic financial records.
☐	1 point	B) One or more individuals involved in the FMIS have assumed a leadership role by advocating action, but the degree of influence is relatively limited.
☐	2 points	C) One or more senior managers involved in the FMIS support positive measurable change in the way that electronic financial records are managed.
SCORE: _____		

3. POLICY		
☐	0 points	A) There is no policy on the management of electronic financial records, nor are there provisions in other policies that set out requirements for the effective management of electronic financial records.
☐	1 point	B) There is a policy on the effective management of electronic records or statements are included in related policies. However, they have little influence on the day-to-day practices of the organisation.
☐	2 points	C) Policy statements are in place for the management of electronic financial records, the policy requirements are implemented in day-to-day operations and performance measures are applied to gauge the ongoing effectiveness of the policy.
SCORE: _____		

4. MANAGEMENT

☐	**0 points**	A) Accountability for the management of electronic financial records has not been assigned to any specific department or personnel. There are almost no management controls in place, and no resources have been allocated to support the effective management of electronic financial records. Staff expertise is almost non-existent.
☐	**1 point**	B) Accountability was assigned and records management requirements were considered during FMIS implementation planning. However, subsequent analysis has revealed that staff are not following records management procedures or that the system does not allow them do so. Some expertise is available but it is not sufficient to fill the current gap in compliance and capability.
☐	**2 points**	C) Accountability has been assigned, and it is measured as a part of regular performance assessments of staff. Management and staff understand and follow the records management procedures. Sufficient resources and expertise have been allocated to deal with electronic financial records issues.
SCORE: _____		

5. RECORDS MANAGEMENT READINESS OF FMIS

☐	**0 points**	D) Records management requirements, such as records registration and retention scheduling, were not included during the planning and design of the FMIS, and no assessment has been undertaken to determine the current records management readiness of the system. The FMIS team is not aware of records management issues.
☐	**1 point**	E) Records management requirements were considered during the FMIS implementation planning. The documents and financial information that should be captured as records have been identified. However, the requirements for electronic records management have not been integrated successfully into the FMIS technology and workflows. The FMIS team is aware of the records management gaps and is considering how to address them.
☐	**2 points**	F) Records management standards and requirements have been applied during the FMIS design and implementation. A subsequent analysis has revealed that the operational system is compliant with these standards and requirements. The appropriate documents and financial information are being captured and managed as records. The FMIS team is aware of current good practices in electronic records management practices and technologies.
SCORE: _____		

6. INTEGRATION OF PAPER, SCANNED and FMIS ELECTRONIC RECORDS

☐	**0 points**	A) It is generally assumed that the data that is entered into the FMIS is the official record copy for the financial transactions. Paper records related to the transactions are discarded or ignored once the transaction has been completed. It is not possible to link paper and scanned documents to the FMIS data of a related transaction.

☐ **1 point**	B)	There are processes and resources in place to manage the paper records related to financial transactions. However, these are not yet integrated with the systems that manage the scanned documents or the electronic records in the FMIS.
☐ **2 points**	C)	The paper, scanned and electronically generated records that relate to the same business transactions are classified, scheduled and tracked as a complete file or dossier. Sufficient resources are in place to handle the transfer, storage and access to the paper records. It is possible, at any one time, to identify and retrieve all paper, scanned documents and FMIS data related to the same transaction or to track and audit the access log for each of these records. The appropriate laws and regulations are in place to allow the scanned documents and electronically generated records to be used as the legal record copy of the financial transaction.
SCORE: _____		

7. ONGOING ACCESSIBILITY AND USABILITY OF ELECTRONIC RECORDS

☐ **0 points**	A)	It is generally assumed that the FMIS will, by default, keep electronic information in a form that is accessible and usable for as long as needed. There is little or no up-to-date documentation available about the design and architecture of the FMIS. Legacy data is inaccessible, and it is not certain whether, in the event of failure, that the system can be fully restored using the existing backup tools and media.
☐ **1 point**	B)	The FMIS team is aware and concerned about losing data due to system migrations, lack of metadata, technology obsolescence or legacy data on outdated backup tapes. Documentation was prepared for the initial deployment of the FMIS, but there have been several major upgrades and integrations since then that have not been documented. The team is not sure about the techniques or standards needed to address the digital preservation issue.
☐ **2 points**	C)	The FMIS team has created a digital preservation plan to ensure that those electronic financial records that must be kept long-term or permanently are migrated to an open and platform-independent file format. These records are stored on a secure and stable storage platform that is covered by an up-to-date business continuity plan. Sufficient metadata exists to help locate and identify the records and to provide a history of their creation, access, use, disposition and preservation. The FMIS documentation and preservation plan are kept up to date as the system evolves.
SCORE: _____		

—RISK ASSESSMENT—	
TOTAL SCORE: _____	*[add your scores from questions 1-7]*
0-5 points	The organisation is at serious risk from the loss and misuse of electronic financial information. Immediate action is needed, starting from a senior management level, to initiate a full assessment of the FMIS records management capacity, to review staff expertise and readiness to tackle the problem, and to assign priority and financial resources to address the issues.
6- 10 points	Some gaps in FMIS functionality or organisational capabilities could put the organisation at risk of the improper use or loss of electronic financial information. A gap analysis is needed to identify those areas that could most benefit from improved capacity.
11- 14 points	The organisation is operating at a high-level of capacity for electronic records management. The resources and staff expertise are available to maintain this level of competence.

NEXT STEPS

The risk assessment exercise, taken together with the modules in the *Guide to Integrating Records Management Requirements into Financial Management Information Systems* (the *Guide*)*,* is designed to support FMIS teams in moving from a financial management information system that is merely managing financial *data*, toward a system that is capable of managing the trustworthy financial *records* needed to meet the evidentiary and accountability requirements of the financial management function and to underpin the organisation's ability to meet its legal and policy obligations.

Steps that can be taken to help reduce the level of risk and improve the organisation's management of electronic financial records are described below in three categories: organisations that are just beginning to consider implementing an FMIS, organisations that are now deploying a FMIS and organisations that already have an operational FMIS.

Organisations Considering an FMIS

When considering the introduction of a computerised financial management system, officials within the Ministry of Finance and other senior stakeholders should consider the following actions:

- Ensure that records management capacity and capability are considered when financial management, ICT infrastructure, human resources and training issues are being explored.

- Determine whether financial and other records in paper and manual formats are efficiently managed through a continuum of processes including creation, registration, classification, storage, access and disposition (see Module Three of the *Guide*: Policy Guidelines). Pay special attention to the state of the management of paper records, especially their storage, access and security, particularly if the paper records are to serve as inputs to or outputs from an FMIS. Failure to address a collapsed paper records system before commencing the development of an FMIS can undermine the efficiency of the FMIS.

- Develop a road map using the *Records Management Capacity Assessment System* (RMCAS) (described in Module Four: Management Guidelines) to assess whether the infrastructure of laws, organisational structures, policies and procedures needed to support records management is in place. The assessment will provide a picture of the landscape of records management capacity within the context of financial management systems including:

  ◊ laws, policies and procedures
  ◊ the current state of ICT and records management integration
  ◊ the current state of financial management and records management integration
  ◊ resources and training relating to the records management function
  ◊ overall awareness and ownership of records management across the financial management function.

- Use the Financial Management Capability Model (FCM) described in Module Four to assess the level of financial management in order to identify gaps and address areas for improvement or further development.

- Use the results of the application of RMCAS and the FCM as described in Module Four to help plan the action needed to ensure that the FMIS takes account of records management requirements along with other essential requirements, such as the ICT infrastructure.

Organisations Deploying an FMIS

When launching an initiative to plan, design and implement an FMIS, officials within the Ministry of Finance and other senior stakeholders should undertake the following actions:

- Establish a shared understanding of key issues in relation to the scope of project, funding, ICT infrastructure, human resource management and records management.

- Identify a project leader or sponsor at a senior level (for example a respected senior manager from the Ministry of Finance, a public sector reform unit or the equivalent) to champion the project.

- Establish a multi-disciplinary team of those involved in the development of the FMIS, including financial officers, IT specialists, records management specialists and the FMIS vendor to scope and develop the project.

- As part of the overall planning of the system, provide the team and any advisory/steering group with copies of the *Guide* to help in the development of policy, management and systems requirements for the management of records generated by the planned FMIS.

- Determine whether financial and other records in paper and manual formats are properly managed through a continuum or life cycle of processes including creation, registration, classification, storage, access and disposition (see Module Three: Policy Guidelines). If corrective action is required, pay close attention to ensuring the effective management of paper input and output, focussing on their storage, access and security.

- Develop a road map, using the *Records Management Capacity Assessment System* to assess whether the infrastructure of laws, organisational structures, policies and procedures needed to manage records is in place to support records management (see Module Four: Management Guidelines). The assessment will provide a picture of the landscape of records management capacity within the context of financial management systems including:

    ◊ laws, policies and procedures
    ◊ the current state of ICT and records management integration
    ◊ the current state of financial management and records management integration
    ◊ resources and training relating to the records management function

◊   overall awareness and ownership of records management across the financial management function.

- Use the Financial Management Capability Model to assess the level of financial management, identifying gaps and addressing areas for improvement or further development (see Module Four: Management Guidelines).

- Take measures to ensure that records management considerations (eg policies and procedures, assigned responsibility, training) are addressed during the project planning, initiation, requirements analysis, design, and implementation of the system (see Module Four: Management Guidelines). Throughout the system's life cycle, ensure that the records input to and captured by the system will meet legal, fiscal, operational and accountability requirements and that a strategy is in place to migrate from existing recordkeeping measures and procedures to those required to support the new system.

- Incorporate the core set of records management requirements (including capture and registration, classification, storage and preservation, access, tracking and disposition) into the design of the FMIS (see Module Five: Systems Requirements Guidelines).

- Ensure that the design of the system is tested against the Records Management Gap Analysis Tool that accompanies the *Guide*. See Module Five: Systems Guidelines, and take appropriate action to address any identified gaps.

- Review the capabilities of the completed FMIS to ensure that the issues have been addressed and that the solutions are sustainable.

Organisations Reviewing an Operational FMIS

When reviewing an existing FMIS, officials within the Ministry of Finance and other senior stakeholders should consider the following actions:

- Determine whether the electronic information in the existing FMIS is meeting legal, fiscal, operational and accountability requirements and whether it is meeting the recordkeeping requirements set out in the Module Five: Systems Requirements Guidelines. Give specific consideration to the following:

  ◊   the authenticity of records
  ◊   the disposition of records (retention and disposal)
  ◊   the long term management of electronic records including migration strategies
  ◊   the management of the relationship between paper and electronic records
  ◊   the availability of environmental controls for storing records (especially those in electronic form)
  ◊   security
  ◊   access (ie the provision of sufficient metadata to enable effective access)

- If the records are not being managed to support these requirements, ensure that the core set of records management requirements including capture and registration, classification, storage and preservation, access, tracking and disposition (see Module 5:

Systems Requirements Guidelines) are integrated into the design of the modified system.

- Assess the FMIS against the Systems Requirements Gap Analysis Tool, and take appropriate action to address the identified gaps.

- Ascertain whether financial and other records in paper and manual formats are properly managed through a continuum or life cycle of processes including creation, registration, classification, storage, access and disposition (see Module Three: Policy Guidelines). If corrective action is required pay close attention to ensuring the effective management of the paper input and output records with a focus on their storage, access and security.

- Assess whether the infrastructure of laws, organisational structures and policies and procedures needed to manage records is in place to support records management (see Module Four: Management Guidelines). The assessment will provide a picture of the landscape of records management capacity within the context of financial management systems and the level of risk associated with not implementing records management requirements, including:

  ◊ laws, policies and procedures
  ◊ the current state of ICT and records management integration;
  ◊ the current state of financial management and records management integration
  ◊ resources and training relating to the records management function
  ◊ overall awareness and ownership of records management across the financial management function.

For more information, please contact the International Records Management Trust by e-mail at: info@irmt.org.