

**An ANAO Perspective
of
Records in Government**

National Archives of Australia Seminar

*Check-up: Audit Issues and Electronic
Records Solutions*

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Ian McPhee
Auditor-General for Australia

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Introduction

Thank you for the opportunity to participate this morning at this seminar on the increasingly topical issue of recordkeeping. One could be forgiven for wondering whether there would ever come a time where the issue of keeping proper records would be the subject of a forum such as this, and I am encouraged by the large attendance here. There is probably no single reason why there is an increasing focus on the importance of maintaining good records. Certainly some not so flattering coverage about the consequences of poor recordkeeping has helped but, more broadly, there has been an increasing recognition about the gap between the explosion in the quantum and types of information that we now generate, and the systems and practices traditionally used to manage information. Many agencies now realise the imperative of finding solutions to closing this gap to meet not only their recordkeeping responsibilities, but also to meet their business needs more efficiently.

As many of you would be aware, the Australian National Audit Office (ANAO) has, over the last few years, contributed to the discussions/debate on recordkeeping in the public sector by undertaking three audits specifically directed at recordkeeping in a number of public sector agencies, as well as commenting on recordkeeping practices in undertaking audits of specific agency programmes or activities. As an aside, you wouldn't be surprised that I and my immediate predecessor are not the first Auditors-General with an interest in good recordkeeping, albeit with a somewhat different focus than some years ago.

One of the office's contributions to our centenary celebrations was to publish a one hundred year history of the Audit Office. It devotes a chapter to the period covered by the First World War. A discussion about audit procedures adopted at the time included the following passage that related to the audit work undertaken in the Department of Defence:

Detailed instructions dictated the work routines. Auditors insisted on checking the purchase of rifles on the basis of a deferred payment system. Staff had to 'ascertain' whether the regulations relative to rifles on deferred payment were adhered to, and periodically advise the Auditor-General as to instalments outstanding. Accounts for empty cartridge cases were also examined and staff instructed to 'ascertain whether these are rendered annually as required by the Standing Orders'. Audit inspectors would demand to see the returned empty cartridge boxes as proof their contents had been used.

Hopefully we have moved on a bit. At least we are now more concerned about keeping track of tanks and aircraft!

I do not intend to delve into our reports in great detail, but I would like to canvass 5 factors that agencies should take into account in determining their recordkeeping responsibilities:

- environment issues impacting on good recordkeeping;
- when to make a record – an easy question to ask but not one that has a straightforward answer;
- future directions in recordkeeping – which strategies should agencies be adopting in this electronic age;
- some common recordkeeping challenges – these will be drawn from a number of our audit reports; and
- the ANAO's access to records – this is an integral part of the conduct of our audits.

Finally, I will mention what the ANAO is doing to address its recordkeeping responsibilities.

Environmental issues that impact on good recordkeeping

There is general acceptance that a key element of sound public administration and accountability is the adequate recording of the business of government. As such, recordkeeping is a fundamental function of all Australian Government entities. The Public Service Commissioner, in successive State of the Service Reports has highlighted recordkeeping as being an integral part of developing and maintaining organisational capability. In the 2005-2006 State of the Service Report, the Commissioner has stated that:

The maintenance of effective recordkeeping systems is a key part of overall organisational capability, as well as an important component in an agency's governance arrangements. Effective recordkeeping assists agencies in achieving their business goals by ensuring the accessibility of required information and allowing employees to meet their obligations of accountability to the Government and the community. It allows agencies to demonstrate that due process has been followed in actions and decisions.¹

The Better Practice Guide *Implementation of Programme and Policy Initiatives*² developed in conjunction with the Department of Prime Minister

¹ Public Service Commissioner, 2006. *State of the Service Report 2005-2006*. Commonwealth of Australia. 1 December. Page 182

² ANAO and PM&C 2006. *Better Practice Guide, Implementation of Programme and Policy Initiatives*. Canberra, October

and Cabinet, states the need for recordkeeping and accountability in the following succinct terms:

The greater the pressure on an agency to progress initiatives over a short time period, the greater the demand for discipline in recordkeeping and accountability as part of a sound control environment. This is integral to robust and successful corporate governance. In short, keep records of key decisions and the basis for those decisions.

So why is recordkeeping an area that we all need to improve on? Why is it that not all agencies aren't fully on top of their recordkeeping responsibilities and haven't, historically, made the appropriate level of investment from both a systems point of view and also a business practice perspective? The answer to these questions is due to a number of factors.

Although good recordkeeping is increasingly being accepted as an integral part of 'doing business', investing, or more accurately increasing an entity's investment in recordkeeping still needs to compete with the many other demands that exist on agencies' budgets and their people. Generally, to do this, a business case needs to be developed and it needs to get the attention of senior decision-makers. One of the factors that can make this difficult is that agencies can often continue to 'get by', even though their recordkeeping practices are far from ideal. Inbuilt inefficiencies, for instance, can simply be accepted as part of 'that's just the way things are done here'. Where there is a crisis of some sort or a demand for access to information such as through an FOI request or a discovery process, with a fair bit of effort and some good fortune in tracking the issue back through personnel rather than official records, agencies are often able to find the information that is required in the short term. This can, in fact, encourage managers rather than discourage them to continue on as business as usual.

While good recordkeeping should result in direct and indirect business benefits, such benefits are often qualitative in nature and therefore are difficult to measure. Conversely, the costs of poor recordkeeping, as alluded to earlier, are often accepted as the way things have always been done. They also can be difficult to identify with any degree of precision and therefore quantify.

Almost invariably, increasing the importance and priority on recordkeeping will require changes to agencies' culture and business practices. And I am sure that all of us have had experiences, not all of them good, where business changes have only been partially achieved because of the difficulties in shifting well-entrenched cultures and business practices. Technology can assist here by, for example, enforcing some degree of structure in how records will be classified and stored. But technology is no substitute for informed decisions by agencies and individuals.

Strategies to improve recordkeeping practices must recognise that all staff will be affected. Not only that, it is likely to impact staff on an ongoing and day to day basis. Recordkeeping is an ongoing issue that impacts all of us day in, day out.

Improving recordkeeping also requires sometimes difficult judgements to be made about just what a record is, who is responsible for creating it, who is responsible for managing it, and who is responsible for disposing of it, as well as who might require access to it while it exists within the agency's recordkeeping system. In some ways, it reminds me a bit about when we were first confronted with the need to develop Business Continuity Plans. These required us to look, sometimes for the first time in a formal sense, at what were the business critical functions we were undertaking, how long we could be without them, and to identify priorities etc, something that is not always comfortable to do.

Another relevant issue is the proliferation of systems where records are created, stored and managed. In large agencies in particular these systems can be counted in the hundreds, and even in well-managed agencies there might not be a central repository or record of all such systems as they often are developed, and implemented, by line business areas to meet particular, specialised business requirements. An important step, therefore, in improving our recordkeeping practices is to do a thorough stock take of all systems and applications that are currently used to create and store records.

The final factor, but it is certainly not the least important, is the many legislative policy and administrative requirements that agencies need to consider when they are looking for solutions to their recordkeeping responsibilities. In this regard we have suggested to Archives, and I am pleased to say that Archives has responded positively to the recommendation, that it takes a lead role in better identifying and disseminating the increasing array of legislative and policy requirements, standards and guidance that currently impact on agencies' recordkeeping responsibilities. In doing this, there may be opportunities to identify any duplication or overlap that can be rationalised.

On a positive note, it is encouraging to note that the State of the Service Report reported that many agencies are making recordkeeping a higher priority and almost all APS agencies had taken some measures to improve recordkeeping during 2005-2006, with the most common measure being a review of the implementation of systems to support recordkeeping. It is also encouraging to note that the Commission also found that the large majority of APS employees considered good recordkeeping practices to be very important.

The soon to be released Recordkeeping report by the Management Advisory Committee is also a reflection of the increasing attention being given to recordkeeping in the public sector.

When to make a record

One of the issues that we have highlighted in our audit reports is deciding what a record is, and then what should be done with it once it has been created.

The starting point in discussing this question needs to take account of the definition of a record in the Archives Act. That Act defines a record as:

*A document (including any written or printed material) or object (including a sound recording, coded storage device, magnetic tape or disc, microfilm, photograph, film, map, plan or model or a painting or other pictorial or graphic work) that is, or has been, kept by reason of any information or matter that it contains, or can be obtained from it or by reason of its connection with any event, person, circumstance or thing.*³

I think most people would agree that that definition isn't terribly helpful to determine what a record is from a practical perspective.

Even the definition in the Australian Standard on Records Management:

information created, received, and maintained as evidence in information by an organisation or person, in pursuance of legal obligations or in the transaction of business

is quite a handful.

What our audits have highlighted is that, to assist individual staff members who, in practice, are the ones who make the majority of decisions about the creation and storage of records, individual entities are responsible for establishing and clearly communicating:

- the policies that guide recordkeeping practices – ideally these should be framed in the context of a broader Information Management Strategy;
- the types of records that the agency will maintain to meet its particular legal and business requirements;
- the records that can be discarded as normal administrative practice (as many of you would be aware, the Archives Act does allow for records to be destroyed without formal Archives' authorisation, and cover records such as those that are duplicates, are unimportant, or are for short term use only); and
- work area recordkeeping guidance.

Our audit report on Magnetic Resonance Imaging Services⁴ canvassed quite extensively the issue of recordkeeping as part of good administrative practices. It contains the following discussion that has general application:

“The level and standard of documentation considered necessary to support an administrative process is always a matter of judgment for management as part of an organisation's control environment. Nevertheless documentation is important for an agency to:

³ Archives Act 1983, page 4

⁴ ANAO Audit Report No 42, 1999-2000, *Magnetic Resonance Imaging Services*, May 2000

- demonstrate it has taken all reasonable steps to identify and manage risks;
- provide assurance to management that the administrative processes are adequate and have integrity;
- record significant events and decisions;
- be able to review its decisions and processes thereby identifying strengths and weaknesses in the process, drawing out lessons for the future;
- in some circumstances provide support for the Commonwealth's position in the event of a legal challenge; and
- meet its accountability obligations to the Government, Parliament and other stakeholders.

The level and standard of documentation needs to match the circumstances. However, it would be expected that both the level and standard of documentation would increase as the consequences of decisions and actions increases.

Often it is considered that maintaining paper or electronic records is too burdensome. This is especially so in an environment where there are time and resource constraints. However, such considerations may be substantially lessened by a soundly based corporate governance framework that is set up to deal with such demands. Perversely, it is just such a constrained environment that often requires adequate documentation for accountability purposes. In this context, sound public administration requires key deliberations, decisions and resolutions to be recorded.”

Keeping records is not a static issue as the extent and nature of records will change and evolve over time in line with the changing business of agencies. Effective recordkeeping also needs to have regard to, and factor in, the different requirements and perspectives of a number of players. These include the National Archives that, amongst other things, is responsible for preserving Australia's national collection; the responsibilities of APS agencies; system requirements including the array of security considerations that are embedded in the Protective Security Manual, and the Australian Government Information and Communications Technology Security Manual, ACSI 33; and individual staff members. Recordkeeping environments need to recognise and cater, to the extent practical, with the different ways individuals meet their recordkeeping responsibilities.

Future Directions in Recordkeeping

In our recent recordkeeping report, we suggested that many agencies find themselves in what amounts to a twilight zone – they continue to rely on traditional systems and practices best suited for paper records, while at the

same time recognising the business reality that an increasing proportion of records are being created electronically. Entities in this situation, probably the majority, are facing decisions about the benefits of adopting a strategy of managing their records electronically. The ANAO suggests that, for the big majority of entities, the adoption of a medium to long term strategy of managing records electronically is more than likely to be the most appropriate one. The business imperative for entities to adopt this approach, as distinct from continuing to adopt a print to paper policy for the majority of their records, include an increasing recognition that:

- a large and increasing proportion of records are being electronically, and it is generally more effective to manage records in the same medium in which they have been created;
- electronic recordkeeping can, and in fact should, directly contribute to an entity's broader information and/or knowledge management strategies and practices. This could be achieved, for instance, through quicker and easier access to records and information;
- a number of the risks associated with poor recordkeeping can best be addressed through the electronic management of records. These include the lack of access to records and the unauthorised alteration or deletion of records
- (as I alluded to earlier) the embedded cost of inefficient and ineffective work practices that are the result of poor recordkeeping practices is often very significant, albeit difficult to measure with any degree of precision;
- the cost of maintaining paper records, including the need to print records created electronically, and store records in appropriate facilities is increasing. On the other hand, the cost of storing records electronically continues to reduce; and
- the effective implementation of an electronic recordkeeping regime is likely to result, or has the potential at least to result, in a higher level of compliance with recordkeeping requirements.

The electronic management of records will, nevertheless, not necessarily require the implementation of a single corporate-wide electronic document and records management system, or EDRMS. In fact, for many agencies, the management of records in a corporate EDRMS, in addition to selected electronic business systems, that has recordkeeping functionality, will be the most appropriate in meeting their recordkeeping requirements. This means that the real challenge for many agencies, particularly in the context of an entity's broader information or knowledge management strategy, is to identify cost effective ways that these multiple systems can be integrated or linked to help facilitate access to records and information by all those staff who require it.

Another important point to note is that electronic management of records will generally not eliminate the need for entities to maintain some paper records and to use records and information in paper form in conducting day to day business. Importantly, in this regard, records with a security classification above the security level of an agency's corporate network and other electronic systems will need to be maintained and stored in paper form to meet Australian Government security requirements. One of the common findings of our recordkeeping audits has been that, at times, records with a security classification are held in electronic systems inappropriately. Another factor is that records that have historical significance will often need to continue to be maintained in paper form, as will many records that simply lose their original functionality if converted from paper form to an electronic medium.

Agencies also need to identify circumstances where, even where paper records are converted into an electronic form, the original of these records may still need to be retained in paper form to meet legal requirements, to satisfy judicial proceedings, or to meet specific government policies. While for the majority of agencies such records will represent a small proportion of their total record population, they are still important issues that agencies need to consider and factor in to their recordkeeping policies and guidance material.

In my view, the bottom line is that with very few, if any, exceptions, entities will need to manage their records in a combination of both paper and electronic form but with the large majority being managed electronically in the future.

To be successful requires the sustained support and commitment from senior management, from the Chief Executive down. There is also no substitute for a senior manager having responsibility for a significant change project such as this. This officer will require the commitment and resilience to overcome inevitable obstacles and setbacks, and likely resistance, to change.

In the context of policy implementation, the Better Practice guide, *Implementation of Programme and Policy Initiatives*, puts it this way:

To be effective, policy and programme implementation requires there to be a senior responsible officer who is accountable for the success of the policy's implementation. This is the person to whom the relevant Minister and executive turn for progress reports and details of emerging risks.

Some common recordkeeping issues

Let me now mention a few of the more common issues that our audits have identified in both our specific recordkeeping audits and other audits we have undertaken over the last few years.

In reviewing agencies' recordkeeping policies, one of the common observations is that they often do not address, in a comprehensive manner, the agency's recordkeeping environment and, as a result, do not, systematically, address the range of systems that are used to create and

manage agency records. In a strict sense, this casts doubt on the status of systems that are not encompassed by the agency's recordkeeping policy. It also significantly reduces the likelihood that any supporting guidance material prepared by the agency will address these systems.

No discussion on recordkeeping would be complete without mentioning risk. Like all business activities, agencies should manage their responsibilities underpinned by a considered assessment of their recordkeeping risks. While accepting that these will generally not feature in agencies' top five risks, they are nevertheless important operational risks and, therefore, they should be identified and mitigation strategies or actions put in place to manage them. Our audits have found that some agencies have not undertaken this important step.

Another common issue is the absence of supporting guidance material designed to assist individual staff members meet their recordkeeping responsibilities. In situations where such guidance has been prepared, our audits have consistently found that the recordkeeping practices are better than in situations where no guidance exists. In this context, we see it as an important step that agencies should, for each one of their major programmes or business activities, identify the information that needs to be created, received and maintained as a record of the business activity. By doing this in a logical and systematic manner, agencies will have a solid platform on which to make informed decisions about their recordkeeping needs and, in turn, the best way for these to be managed in the future. Even though the cost of doing this needs to be recognised, it should be seen as a worthwhile investment.

We also have found that some agencies need to increase their commitment to the training of staff to assist them understand and meet their recordkeeping responsibilities.

Our other audit reports also continue to highlight instances of inadequate recordkeeping. We particularly find problems in relation to procurement activities where, for example, there is little or no evidence to support procurement decisions and agencies are unable to find copies of contracts although contract payments continue to be made. In one large agency our audits have continued to identify deficiencies in financial records that have led to qualifications of their financial statements.

ANAO Access to Records

I would now like to spend a few minutes discussing the issue of the ANAO's access to records, particularly electronic records such as emails. As most of you would be aware, the ANAO has broad powers of access to records and information to enable us to do our job. In the good old days, of course, what auditors would simply do was call for the relevant registry files, as these could be expected to contain all the relevant records relating to a particular decision, event, activity etc. Well, as we all know, those days are long gone and we find ourselves requiring access to a whole range of business systems where relevant records may be stored. This, inevitably, can lead to the need to access the email records of agencies. This can, in turn, create some tensions

between the ANAO and agencies or individual agency staff for at least a couple of reasons. The first is that we may be traversing territory that is new to some agency staff who are simply unfamiliar with the ANAO's right of access, and there is some degree of education required here. The second, and more difficult, issue is that, inevitably, access to email records will also involve access, or at least potential access, to both official records and personal communications. This is simply a reflection of the fact that email systems, like the telephone, are used for both official and personal use. While the ANAO is obviously not concerned with personal communications that are held in agencies' email systems, and protocols for extracting the required electronic records can be developed, it would be unrealistic to suggest that the ANAO's access can be limited to only official information that is contained in email systems. This also underlines the fact that all information contained in email and other systems belongs to the entity, not individuals.

The other point I think that is worth mentioning is that, while we will of course discuss arrangements for access to email systems with agency management, it is ultimately the ANAO's and my decision as to what records that we consider it is necessary to access to be able to perform our auditing responsibilities effectively.

Developments at the ANAO

One might legitimately ask what the ANAO is doing about meeting its recordkeeping responsibilities. I suspect like many small agencies, we have spent some time contemplating the best approach to take. But in mid-2006 we issued a tender for the implementation of an electronic document records management system. After a fairly extensive evaluation process, we recently signed a contract with a provider to implement a system called Interwoven. We will shortly be conducting a pilot roll-out and, all going well, we are looking for a full roll-out of the system in the third quarter of this year.

As a small agency, we are looking for a solution that encompasses the majority of our recordkeeping requirements although for some time we have used an electronic system in the conduct of our financial statement audits. A particular focus has been on finding a system that can assist us in being able to electronically store evidence to support our performance audit reports. There has been significant input from relevant business areas of the office to date, and this will continue right through the implementation period. This, of course, makes good business sense but also is recognition of the fact that, over time, we expect that there will be a need to make significant changes to existing recordkeeping cultures and business practices so we can take full advantage of the new system.

We are seeing this project as a medium to long term one, and one that, over time, will involve the automation of certain workflows, but more importantly will help improve our information management practices by, for example, improving access to information by having on-line search capability and by mandating the use of key fields such as file name and number, and standardising the classifications of documents.

Concluding remarks

Let me conclude by emphasising a couple of key points. Putting in place and sustaining an effective recordkeeping regime isn't necessarily that easy to achieve. It has a range of elements: scale, cultural change; technology; funding and risk, that says this demands the attention of the agency CEO and the executive team. It also requires an investment in training, the development of policies and supporting guidance, as well as an understanding and acceptance by all staff of why it is important to maintain good records.

Effective recordkeeping also requires an analysis of recordkeeping risks and a good understanding of the records that are created and received for each major programme or business activity.

I also look forward to the release of the Management Advisory Committee report on Recordkeeping that will give further prominence to the importance of maintaining good records as part of sound public administration.