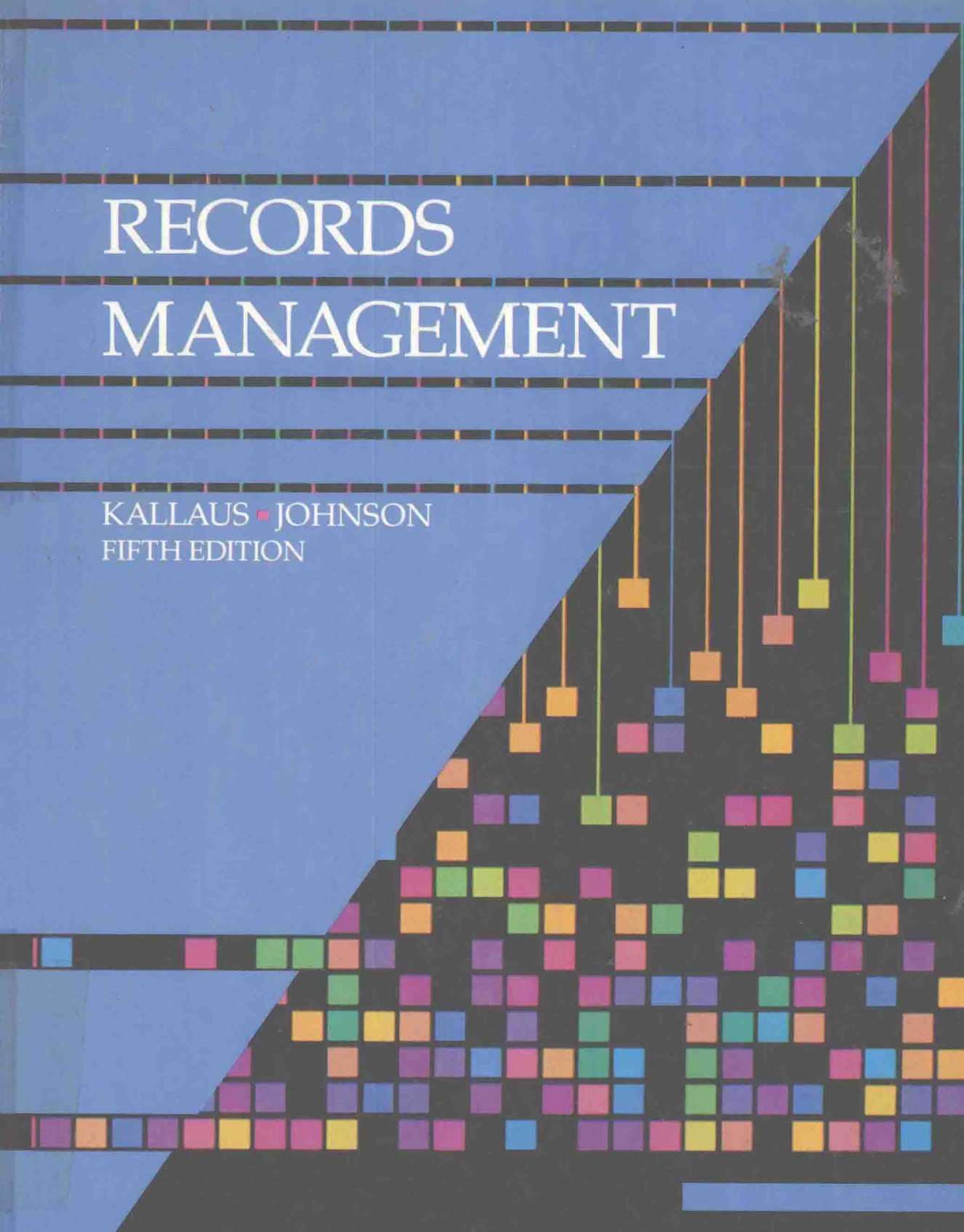


RECORDS MANAGEMENT

KALLAUS ■ JOHNSON
FIFTH EDITION



FIFTH EDITION

RECORDS MANAGEMENT

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PREFACE

RECORDS MANAGEMENT, Fifth Edition, continues the strong tradition of serving as a basic introduction to the increasingly comprehensive field of records management. As such, the fifth edition emphasizes principles and practices of effective records management for manual and automated records systems. This approach offers practical information to students as well as to professionals at managerial, supervisory, and operating levels.

The experiences and basic philosophies of the authors are clearly presented in this latest revision. Emphasis is placed on the need to understand the record life cycle within which information functions in the organization. Because the operations of all records systems—manual and automated—rely on basic storage and retrieval rules, the authors stress the overall importance of understanding how paper records systems function before undertaking the more complex task of studying automated records systems.

As a text for students in postsecondary institutions, RECORDS MANAGEMENT, Fifth Edition, may be used for short courses or seminars emphasizing filing systems or longer courses, such as quarter or semester plans. Basic manual systems concepts are discussed, and database concepts needed for understanding automated records storage and retrieval methods are introduced. In addition, this edition updates other aspects of information technology, such as computer and word processing systems, microimage systems, and optical disks, which are having an increased impact on the records management field.

As a reference book, this latest edition of RECORDS MANAGEMENT serves several purposes. It presents sound principles of records management that include the entire range of records—paper, microimage records, and magnetic and optical disk media used in automated systems. While the key management functions as they relate to records management are introduced, emphasis is placed

upon control for ensuring that the records system achieves its stated goals. Professionals who direct the operation of records systems will find this fifth edition to be especially valuable because it includes new alphabetic indexing rules that agree with the simplified filing rules of the Association for Records Managers and Administrators, Inc.

Organization of Text

The text consists of 5 parts organized into 12 chapters and 2 Appendixes. Part 1 introduces the student to the expanding area of records management. Following this overview, Part 2 centers on alphabetic storage and retrieval methods for manual and computer database systems. Part 3 presents a detailed description of adaptations of the alphabetic storage and retrieval method; namely, subject, numeric, and geographic storage methods.

Part 4 covers information technology, which includes a thorough update of microimage systems and the emerging technology that integrates the computer with other automated records systems. This part also stresses the continuing need to understand basic records management principles before delving into the complexities of automated systems. To complete the textbook from a management perspective, Part 5 offers a comprehensive view of the role of control in records systems. In addition, it reviews many practical procedures for controlling paperwork problems in both large and small offices. New features of the fifth edition are the appendixes that cover career opportunities and job descriptions in records management (Appendix A) and card and special records commonly used in the office (Appendix B).

Goals for the student are included at the beginning of each chapter in the new fifth edition. Important terms are printed in bold type throughout each chapter and are listed alphabetically at the end of each chapter for easy review. In the Glossary at the back of the textbook, these same terms are defined. New questions for review and discussion and a new Applications section, which presents short practical cases for solution, are also provided at the end of each chapter.

Manual/Computer Practice Set

The filing practice set that accompanies RECORDS MANAGEMENT, entitled RECORDS MANAGEMENT PROJECTS, Fifth Edition, is substantially revised and includes computer applications. This set of practical learning materials consists of 12 manual filing jobs in which students practice card filing and correspondence filing in alphabetic,

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1

The Field of Records Management

1 ■ An Overview of Records Management

Part 1 introduces you to the field of records management and to the nature and purpose of records. Also, this first Part includes a concise treatment of records management history and key legislation important to the effective operation of modern business firms. A highlight of the Part is the discussion of records management as a key organizational function and the growing career opportunities available in the field.

1 AN OVERVIEW OF RECORDS MANAGEMENT

GOALS

After completing this chapter, you will be able to:

1. Define *record*, *records management*, and other related terms.
2. Describe the classifications of records found in an office.
3. State why records are used and give examples of records commonly used.
4. Name two laws important to your role as a citizen and office worker in today's society and state why they are important.
5. Describe the management functions necessary to operate a records management program effectively.
6. List the stages in the life cycle of a record and describe the activities in each stage.
7. Describe common problems found in records systems.
8. State why paper records continue to be used widely in records systems.
9. Identify three levels of records management positions and common job titles associated with each level.

In most jobs today we make increasing use of information. We frequently refer to this time in our history as the *Information Age*; we often call this generation the *Information Society*. Computers, so much a part of today's world, are called *information-processing machines* because of their key role in information systems. In order to survive, businesses and organizations must have up-to-date *information* in the *right form*, at the *right time*, in the *right place* to make management decisions. Finally, all of us use information minute by minute to manage our lives and perform our jobs.

Generally, we store information on records of various types; and, in turn, we organize records into complex systems. As we rely more

Information is a valuable business resource.

and more on information, we need greater numbers of records. Like all other office “products,” records must be properly managed. In this overview chapter, you are introduced to important records management terms and concepts and to a brief history of records and legislation to control them. You will also learn about the content of records management programs and a wide range of career opportunities in this growing field. Keep in mind that in this textbook we will deal with records in business firms; however, the principles you learn should also help you understand how to use records efficiently in other types of organizations, including your home.

RECORDS: CLASSIFICATION AND USE

As you begin a study of records management, several basic concepts need to be understood. These concepts include definitions of key terms, classifications of records, and reasons why records are used and will continue to be used by all of us throughout our lives. As you study each of these concepts, relate them to your own personal situation as well as to your job, if you are now employed. By doing so, you will learn more quickly and retain better what you will need for future work in the office.

Let's define a **record** as recorded information, regardless of media or characteristics, made or received by, and used in the operation of, an organization. All of us easily recognize the most common records such as correspondence (letters and memorandums), reports, forms, and books, all of which are written and usually appear on paper. But also consider *oral records* that capture the human voice and appear on cassettes and other magnetic media. Less obvious are records that appear on film, such as movies, videotapes, photographs, and microfilm. Even less obvious are the records produced by the computer and on optical disk, which are discussed in Chapter 10. Figure 1-1 on the next page shows three record forms familiar to most of us.

Records appear in many forms.

Records are valuable property, or resources, of a firm; and, like all other resources, they must be properly managed. **Records management** is the systematic control of all records from the time they are created, or received, through their processing, distribution, organization, storage, and retrieval to their ultimate disposition.

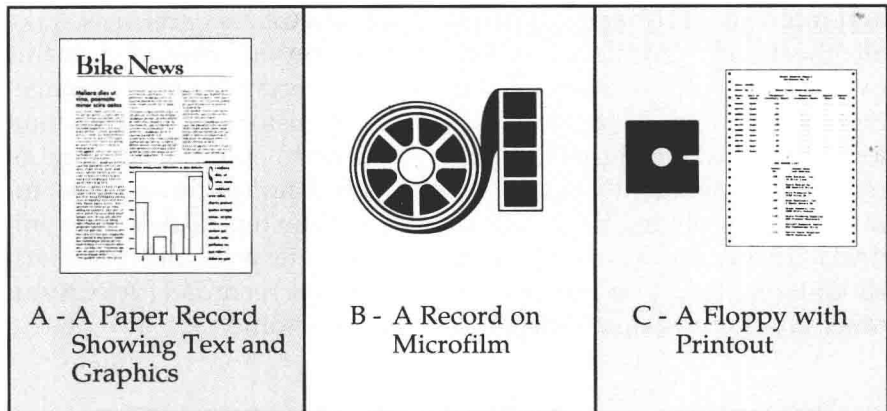


Figure 1-1 ■ Common Record Forms

How Records Are Classified

We classify records in many ways.

Usually we classify records in three basic ways: (1) by the type of *use*, (2) by the *place where they are used*, and (3) by the *value* of the records to the firm. We discuss briefly each of these classifications in this section.

Classification by Use. Classification according to records use includes transaction documents and reference documents. **Transaction documents** are records of a firm's day-to-day operations. These documents consist primarily of business forms. Examples are invoices, requisitions, purchase and sales orders, bank checks, statements, contracts, shipping documents, and personnel records such as employment applications and attendance reports. **Reference documents**, on the other hand, contain information needed to carry on the operations of the firm over long periods of time. We refer to such records for information about previous decisions, quotations on items to purchase, statements of administrative policy, and plans for running the firm. Common reference documents, the most common and largest category of records maintained in an office, are business letters, reports, and interoffice memorandums. Other examples include catalogs, price lists, brochures, and pamphlets.

Classification by Place of Use. Classification by *place of use* of the records refers to external and internal records. We create an **external**

record for use outside the firm. Examples of such records are letters sent to a customer or client, to an organization's suppliers, or to the various branches of the government. The larger group of records classified by their place of use is that of internal records. We use an **internal record** to store information needed to operate the firm. Such a record may be created inside or outside the business. Examples are communications between the firm and its employees (payroll records, bulletins, and government regulations) and communications among a firm's departments (inventory control records, interoffice memorandums, purchase requisitions, and reports). Very important internal records are maintained by the accounting department regarding the presence and use of assets and liabilities owed and local, state, and federal tax information.

Classification by Value of the Record to the Firm. From an inventory and analysis of the use of each major record, a manager determines the *value of the record* to the firm. Then, on the basis of this evaluation, a program is developed for retaining (keeping on file) all key records in the firm. The retention of records is an important part of a records management program and is discussed in Chapters 7 and 12.

Each record maintained by a firm falls into one of the four categories that tell us *how long the records should be retained*. These categories are (1) vital, (2) important, (3) useful, and (4) nonessential.

Vital records must be kept permanently because they are needed for continuing the operations of the firm and are usually not replaceable. Legal papers, such as articles of incorporation, reports to shareholders, titles to property owned by the firm, and minutes of important meetings are vital records. **Important records** assist in performing the firm's business operations and if destroyed are replaceable only at great cost. Accounts receivable and sales records, financial and tax records, and selected correspondence and reports are important records. **Useful records** are helpful in conducting business operations and may, if destroyed, be replaced at slight cost. General correspondence (letters and memorandums) and bank statements are useful records that may be destroyed after their value has passed. The least valuable records are the **nonessential records** that should be destroyed after use. Examples of nonessential records are announcements and bulletins to employees, acknowledgments, and

Keep records that have value.

notices of routine telephone messages that are later confirmed by letter.

Why Records Are Used

Records serve as the “memory” of a business. They “remember” the information needed for operating the firm. For example, we develop and record management policies in order to furnish broad guidelines for operating a business. Each department (for example, finance, marketing, accounting, and human resources) bases its entire method of operations upon records. Usually we find that records are used because they have one or more of the following values to the firm:

1. *Administrative value*, in that they help employees perform office operations within the firm. Examples of such records include policy and procedures manuals and handbooks, organization charts, and major contracts.
2. *Fiscal value*, because records can document operating funds or serve tax audit purposes. Examples of this type of record include tax returns, records of financial transactions such as purchase and sales orders, invoices, balance sheets, and income statements.
3. *Legal value*, because they provide evidence of business transactions. Examples of such records include contracts, financial agreements, and deeds to property owned.
4. *Historical value*, because they furnish a record of the organization’s operations and major shifts of direction over the years. Minutes of meetings, the corporate charter, public relations documents, and information on corporate officers all fall into this records category. In addition, the value of many records increases with the passage of time. Original copies of the Declaration of Independence and the Gettysburg Address are well-known examples, as is the original drawing of Ford’s first Model T automobile.

From a personal standpoint, why do you keep a copy of your diploma, your birth certificate, the title of ownership to your automobile, or the promissory note that provided you with the money to attend college? And why do we protect our prescriptions for drugs, our latest blood pressure and cholesterol readings, and social security information? The answer is simple: *In today’s complex world, we cannot get along without them! We need them for the information they contain.*

Aren’t your personal records similar to those used in business?

RECORDS MANAGEMENT HISTORY AND LEGISLATION

When we visit museums in our country or in ancient civilizations, such as those in Greece and Turkey, we find many examples of early records. Examples are religious scrolls, documents proclaiming control over conquered people, and hieroglyphics describing early life-styles. Carvings on the walls of caves in Latin America tell us about the lives of early inhabitants and how they conducted their business affairs. Tours of early Native American dwellings in the western states give us similar examples or records of early life in their tribes. In our own age, computerized records provide information about our population and the way businesses operate. In comparing the records of earlier periods in history with those of the present age, we find that records and attitudes toward records have changed.

Early Records

Most of the business records before 1600 were based upon simple transactions and provided evidence of moneys received and spent, lists of articles bought and sold, and simple contracts. Such records were created by hand (that is, *manually*) until the printing press and later the typewriter were invented. These machines increased the speed by which records are created and processed.

Until the 1950s, when computers were first used in business, records were almost entirely paper documents. The most important emphasis during this stage in history was getting the records properly placed in the files. Emphasis on retrieval surfaced later (see Figure 1-2 on the next page).

Early offices stressed orderly filing of records.

Before World War II, management directed its main effort toward the factory or plant. Usually the plant work force was large compared with the office staff. Thus, managers generally gave their main attention to the factory because the factory produced the tangible products from which profits came and against which expenses were charged. In such a setting, management assumed that records should be the sole responsibility of the office staff. Little importance or status was granted to the records function in early business firms.

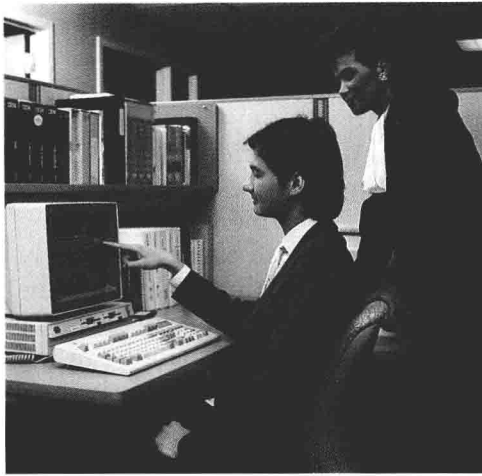


Figure 1-2 ■ Retrieving Records Stored in a Computer

Modern Records

World War II caused many changes in society and in the economies of the world. During this time a highly productive industrial system was in operation with new government regulations that required large volumes of records. The federal government recognized the need for controlling the volume of records created both during and after the war. In 1946, President Truman appointed the first Hoover Commission to study the policies and records needs of the federal government. The Commission's work was responsible for establishing the General Services Administration (GSA) to improve government practices and controls in records management.

Later, a second Hoover Commission found that many reports required of business and industry were already available in other government agencies. Also, large numbers of records were submitted to government by industry, but (surprisingly) many were never used. As a result, the second Hoover Commission in 1955 concluded that there was a critical, continuing need for the management of governmental records. A government-wide records management program was then created under the direction of the GSA to oversee the reduction of paperwork in each government agency.

The federal government began the first records management program.

The federal government's pioneer studies in records management were widely acclaimed. They provided the example and motivation needed by business, industry, and lower levels of government to study the need for records and for setting up programs for their management. Since the earlier studies, the federal government's concern for properly using and controlling information has continued with the passage of important records legislation. Significant examples of federal legislation affecting records are presented in the next section.

Federal Laws for Controlling Records

As information and records systems increase by leaps and bounds, so too does legislation to protect information and records. In the aftermath of the Watergate problems of the early 1970s, which stemmed in part from the lack of control of records, new federal legislation was passed by Congress. Two laws have special meaning to you as you prepare for a career in office and records management. Both laws aim to protect individuals against the misuse of filed information.

Federal laws help us manage records.

The Freedom of Information Act of 1966 gives you the right to see information about yourself. Thus, you may request records kept by private and public organizations, such as medical offices, hospitals, dental clinics, law offices, government agencies, counseling clinics, banks, and the human resources (personnel) departments in business firms. You may have access to such records after obtaining permission from the organization that has this information on file.

The Privacy Act of 1974 (with later amendments) gives you the right to exclude others from seeing your files without your consent, as well as the right to know who has had access to your records. Many states have passed additional legislation aimed at protecting the files of individuals. The magnitude of this privacy problem is illustrated by these facts about yourself, a typical United States citizen:

1. The federal government has about 18 separate files on you. Your own state government has an additional dozen files.
2. The Internal Revenue Service knows how much money you make and where it comes from.

It's difficult to maintain privacy with automation.