

Don't overlook regulatory compliance

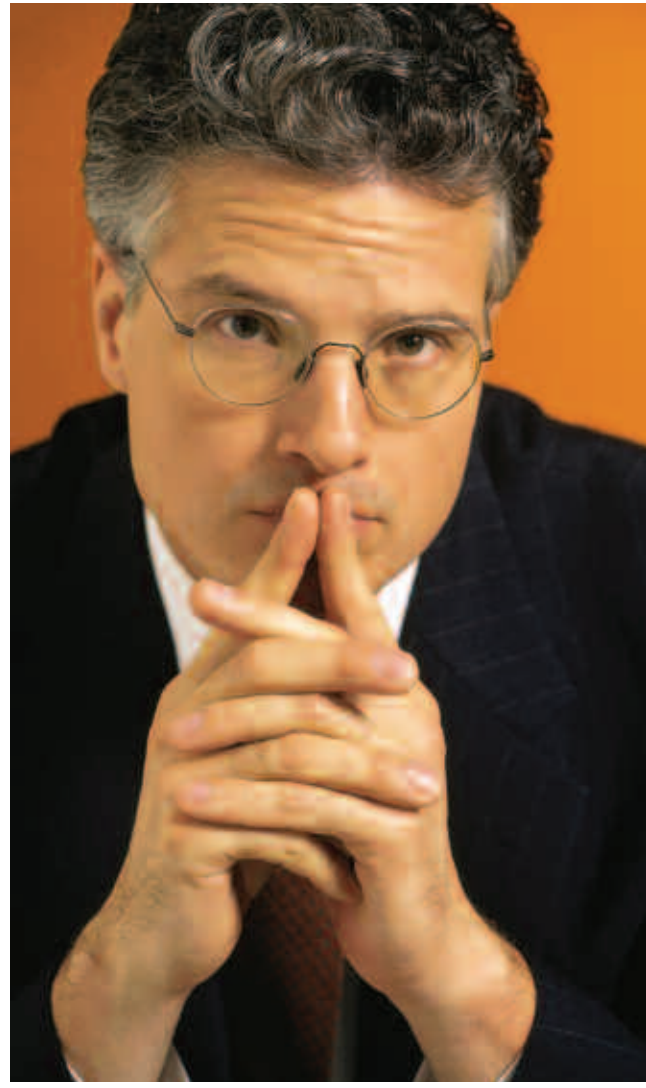
Is your records management system in order?

In today's business environment, it is increasingly important to implement policies and procedures for properly managing documents and information. The advancement in technology and growth in document creation has had an impact, as well as the trend towards more strict regulations and standards, making document management a priority in most organizations.

Regulatory compliance issues are beginning to impact virtually all industries and cannot be overlooked. If an organization is ever called upon to produce records, they must be complete and up-to-date and destruction activity must follow guidelines. Regulatory compliance is not an option in many cases and, to avoid penalties, companies may need to look at their records management policies and implement necessary changes.

Is your organization compliant?

The first step in ensuring that your organization is within acceptable standards is to research government regulations that pertain to your type of business. For example, in the healthcare industry, HIPAA has had the most impact of any regulatory issue in recent years. The Sarbanes-Oxley Act affects the financial services industries, as well as many others. Government agencies themselves



must follow the guidelines set forth in the Government Paperwork Eliminations Act and other regulations.

Once you know what is required, examine how records are being managed and determine if there is there a need to adjust your filing system structure or procedures. Also consider whether your records could be easily located if called upon by an outside regulatory influence. Evaluate how much time it would take



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Consequences of non-compliance

Companies can face hefty fines and penalties

The positive results of improved document management practices and a reduction in legal liability will put a company in a much healthier position with minimal exposure.

Careful consideration of legal consequences for failure to meet regulatory guidelines is a wise time investment. Penalties for non-compliance will vary depending upon the issue, but they are almost always significant. Other associated costs could be related to direct damages resulting from the non-compliance issue, such as customer liability or confidentiality infractions.

Monetary penalties alone prove that regulatory compliance should be taken seriously. In a recent case, five Wall Street investment firms agreed to pay \$1.65 million each to settle charges resulting from failure to properly retain e-mail correspondence. Also, as part of the settlement, the companies agreed to review their document management procedures to ensure future compliance.

In addition to large fines, courts can require that a corporation develop and implement an effective compliance program. In another recent case, managers of a U.S.-based security company pleaded guilty to felony crimes relating to employee background checks. Personnel files were found to be incomplete when requested by government regulators. Fines totaling over \$1.5 million and a three-year probation were imposed, as well as a directive to develop a compliance program to ensure that records and information are properly managed.

The benefits of bringing processes and procedures into compliance are clearly worth the effort. The positive results of improved document management practices and a reduction in legal liability will put a company in a much healthier position with minimal exposure. ■

There are numerous government and industry regulations set forth that pertain to records and information management. Below is a summary of some of the more widely-known mandates.

Sarbanes-Oxley Act of 2002: Requires corporations to deliver financial and other records, at the request of the Security and Exchange Commission or other agencies or face liability for non-compliance. This includes electronic records and e-mails as well as paper documents.

HIPAA (Health Insurance Portability and Accountability Act): Protects all identifiable information or personal health information (PHI) about a patient that is maintained by a healthcare provider, including e-mail, electronic, fax, paper, oral and voice mail records, as well as phone conversations.

ISO 15489: Provides guidance and methodology for managing all records, in all formats and media, for the entire life cycle of those records and information.

Government Paperwork Elimination Act: Requires that, when practical, Federal agencies use electronic forms, electronic filing and electronic signatures to conduct official business with the public.

SEC 17a-3 and 17a-4: Futures and trading brokerage firms must retain all records and e-mails associated with trading activity. E-mails must be archived on disc so that they cannot be erased and can be easily accessed.

Gramm-Leach-Bliley Act: Ensures the security and confidentiality of customer information in the financial industries and regulates the use of such information for marketing purposes.

NFPA Standards: Sets the physical requirements for the protection of electronic computer/data processing equipment and computer areas, and records stored in those areas.

The Check Clearing for the 21st Century Act: Allows financial institutions the option to process checks using electronic images of them rather than the paper checks themselves.



ISO 15489 sets the standards for records management



ISO compliance will help organizations move towards excellence and long-term business success.

In an effort to help organizations set the groundwork for better management of their records and vital information, the International Standards Organization (ISO) has established ISO 15489: *Information and Documentation-Records Management*. ISO 15489 provides a global quality benchmark for records management practices. It stresses that for a records management system to be successful, it should be developed in alignment with a company's business goals and objectives.

ISO certification is not a government regulation; rather it is a standard of excellence set forth that provides guidelines to achieve a higher level of accuracy, integrity and efficiency in document management practices. ISO 15489 was drafted and adopted in 2001 by experts from around the world who realized that records management involved more than just filing. It is

considered the "gold standard" for records management practices.

Part one of the standard outlines the requirements for structuring a records management system. It addresses all formats and media for the entire life cycle of an organization's records. Part two is a technical report that is designed as a guidance tool to help create an effective records management system. It also discusses recommended processes for the implementation of the system to meet the requirements of part one.

The process of implementing ISO certification for records management forces an organization to self-examine its current procedures and move toward improvements in the way they manage their vital records and information. As the ISO principles are constantly evolving and being re-evaluated, so too are an organization's processes and goals. This drive toward constant improvement demonstrates a commitment to maintain the most effective and efficient information management program.

Another beneficial outcome to ISO certification is increased marketability. When an organization commits itself to a higher level of quality and performance in their record management practices, they reduce costs and add value to their customer's experience. ISO compliance will help organizations move towards excellence and long-term business success. ■

SYSTEC SOLUTIONS: Records management for regulatory compliance

Whether you are implementing ISO standards or are in need of complying with an industry or government regulation, being prepared is in your organization's best interest. Let SYSTEC experts work with you to develop a system that will help you achieve your compliance goals. We can evaluate your current records management processes and provide a solution utilizing everything from storage and space-saving products to electronic document and tracking systems.

For more information on how SYSTEC can help you better manage your information assets, contact us at 1-877-7SYSTEC or e-mail us at info@systecgroup.com.

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to produce a record for a government agency or legal issue, if the need arose. It may not be enough to simply re-evaluate your filing system. In some cases, a company might need to implement an entirely new process for managing records and information.

Having a trained, designated records manager or administrator on staff or hiring an outsourced consultant is important to ensure that your policies are implemented and maintained for long-term compliance and continuous improvement. A trained or experienced professional will be comfortable in evaluating discrepancies, as well as keeping up with changes to requirements.

Given the significant legal and financial consequences of non-compliance, more and more companies are turning to outside document management experts to provide them with recommendations, professional services and products to help them become compliant.

Results of regulatory compliance

The need for compliance causes organizations to rethink their procedures for managing information. While the costs to implement change may be a significant expense for some companies, when done properly, updating systems and software will likely result in savings through minimizing exposure, improved document management and productive gains. Companies not directly affected by regulations will also benefit from improved methods. ■



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Q: As a small business owner, how do I know how long to retain my records?

A: Every organization, no matter how large or small, should have a records retention and destruction policy. However, retention policy requirements vary for every organization. There are internal business retention needs to consider as well as industry and government regulations. Becoming compliant is vital to the health and longevity of any organization. Compliance will help provide protection if ever called upon to produce business records for legal reasons. Also, a healthy retention schedule will help make documents more accessible. When developing a retention plan, don't overlook e-mail. Organizations are conducting more and more of their business over e-mail, and those messages are as much a part of your vital records as paper documents.



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