Records Management Allows Compliance Officers To Add Value To Business Objectives

by Jeffrey Iredell

As businesses brace for continued regulatory scrutiny, corporate secretaries and compliance officers have an opportunity to take a more active role in advising the business on the corporate compliance and legal responsibilities needed to meet company objectives.

What fuels their business advice is the official corporate record, which includes minute books, ownership records, capitalization information, evidence of the authority to do business in specific jurisdictions and other critical entity management information. With a new approach to records management, these trusted advisors can make their business-decision support faster, more efficient and more accurate.

The corporate record is made up of data and documents

Simply put, documents provide the evidence of business transactions and decisions, but it’s the data contained in the documents that drives decisions and regulatory filings and reports. For the corporate secretary or compliance officer, documents and data are inseparable.

Document management is not records management

Most corporations are beginning to implement document management systems to establish requirements for the physical creation, maintenance and disposal of the documents. But even with the best document management program, compliance officers can only retrieve a document and must then manually mine the document for data.

In a best case scenario, records management, from the point of view of the governance and compliance professional, should combine document management and entity data management into processes that allow users to easily catalogue, organize and access the company data and documents. Without this higher level strategy for records management, work flows can't efficiently meet the demands of the business. Crucial data to advise the business takes days of manual document review, and regulatory compliance failures are inevitable.

The new definition of records management leverages the efficiencies of automation by extracting the important data contained in each document and storing it in a single dedicated database with links to electronic copies of the documents. The impact of this can be measured in time saved and informed decisions based on full oversight into the compliance and regulatory requirements for the entire organization.

The emerging trend for records management

Companies that are using this kind of records management reveal a trend where corporate secretaries become more valuable to the business operations. Other benefits include:

- **Efficiency:** A records management system supports a central record that the entire organization can trust; corporate data can be leveraged in numerous ways without having to create new documents for each use; and internal disputes or confusion about corporate data is eliminated with transparent and documented record sharing.
- **Accuracy:** Business decisions based on up-to-date data and facts are supported by easily-accessed evidence; and redundant back-ups of documentation safeguards against accidental loss or destruction of data.
- **Productivity:** Data can be located without laboriously searching through every document, while institutional memory is preserved in a database, no longer dependent on the memory of specific individuals.
- **Fulfillment:** Mandated procedures for corporate governance and compliance transparency can be documented and quickly reported.

Start with an assessment

Transitioning an organization to an integrated records management strategy starts with an assessment in three core areas.

1. How are documents currently being maintained?

- If electronic documents are stored in the IT network, the rudimentary folder system makes it difficult to organize and retrieve documents.
- If physical hard copies are stored in the office, retrieving a document requires time-intensive manual searching.

2. Is key information easy to track and extract in the current system?

- Is a document index being used?
- Is a full text searchable application in use?
- Is a relational database with designated fields containing the business drivers being used?

3. How is the data used in your business?

- What information is routinely asked for?
- How is this data shared within the organization?

- Are the data and documents being used to drive the business process?

The unique intersection of these three areas highlights where to start record management planning. The next step is to identify relevant stakeholders in the legal, tax and finance teams and create a list of their records management requirements. Typically, each team has their own standards for maintaining and sharing data and documents.

The most successful companies leverage their stakeholders' key requirements into a single process that can be shared across the company. This high-level collaboration, transparency and data/document protection becomes the backbone of a records management system that is optimized for compliance and governance needs.

Conclusion

The impact of regulatory developments will continue to push governance and compliance professionals towards an integrated records management strategy. To stay ahead of the curve, you should actively reach out to colleagues and other valued business partners to find out how they are handling records management. By starting now to centralize company data and integrate it with documents access, you can be prepared to mitigate new risks on the horizon and vastly improve organizational efficiency.

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About the Author

Jeffrey Iredell is national solutions manager for CT Corporation's Compliance and Governance business line. His perspective on records management comes from 15 years of helping companies optimize their entity records management. Jeff can be reached at jeffrey.iredell@wolterskluwer.com. CT Corporation enables law firms and corporate legal departments to manage statutory representation for all their entities, complete corporate and secured transactions and maintain compliance as required by state and federal law and is a part of Wolters Kluwer Corporate Legal Services.

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