Farm Credit Administration

Office of Inspector General

Records Management and Preservation of Institutional Knowledge

05-03

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February 21, 2006

Farm Credit Administration

Office of Inspector General
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February 21, 2006

The Honorable Nancy C. Pellett
Chairman of the Board
Farm Credit Administration
1501 Farm Credit Drive
McLean, Virginia 22102-5090

Dear Chairman Pellett:

This letter transmits the Office of Inspector General's (OIG) report on an audit of the Farm Credit Administration's program of records management and preservation of institutional knowledge. The objective of the audit was to determine whether the Agency has an adequate program for capturing, maintaining and sharing institutional knowledge. We conducted the audit in accordance with Government Auditing Standards issued by the Comptroller General of the United States for audits of government organizations, programs, activities, and functions.

Overall we found the Agency has policies, procedures, and controls for capturing information. However, policies and procedures need to be continually reexamined to ensure that approaches for capturing information, particularly those using electronic applications, are kept current and that the information maintained is relevant and useful. In addition, with an ever changing business environment, the Agency needs to continually reassess its range of strategies for capturing, maintaining, and sharing information.

The report was presented to management on February 9, 2006, in a PowerPoint format. Subsequently, management has presented proposed actions to the OIG that would resolve audit findings and, as a result, all recommendations are now reflected as agreed upon actions.

If you have any questions about this audit, I would be pleased to meet with you at your convenience.

Respectfully,

Carl A. Clinefelter
Inspector General

Attachment

Office of the Inspector General

Audit of Farm Credit Administration Records Management and Preservation of Institutional Knowledge

February 21, 2006

Audit Report 05-03

Audit Objective

To determine whether the Agency has an adequate process for capturing, maintaining and sharing institutional knowledge.

- Is there a process for capturing and maintaining knowledge?
- Is the process for capturing and maintaining information adequate?
- Is information maintained relevant and useful?
- Is there a mechanism that facilitates the sharing of institutional knowledge?

We conducted our audit from August to December 2005.

The audit was conducted in accordance with Government Auditing Standards.

Audit Importance

Effective Records Management Increases:

The Agency's ability to understand problems; plan strategically; and make informed decisions.

Teamwork and collaboration.

Productivity and efficiency.

The sharing of corporate knowledge.

Achievement of the Agency's mission.

Effective Records Management Decreases:

Costs by eliminating redundant or unnecessary processes.

Time in meetings, making phone calls and sending e-mails.

Compartmentalization of information.

Response time on making decisions.

Audit Scope

205 Recordkeeping Systems

Background

- **Policy and Procedures Manual (PPM) 903 Records Management:** This PPM sets forth the records management responsibilities of employees, managers and the records officers; briefly describes the records management program; and contains basic records management policy guidance applicable to all FCA employees.
- **Form 423–Certification of Removal of Copies of Records:** Prior to terminating employment with the Agency, employees must read and complete the certification. This certification is completed to ensure that departing employees do not remove, or have permission to remove from the Agency, nonrecord materials.
  - Nonrecord materials are, for example, extra copies of Federal records, and drafts of memos and letters that do not represent significant steps in the official evidence of Agency actions.
  - Official records may not be removed or destroyed by a departing employee.
- **Records Retention Directive:** Listing of records maintained by central files and a listing of files maintained by each office.

Capturing Knowledge

Is there a process for capturing and maintaining knowledge?

- Are policies and procedures in place?
- Are staff aware of their responsibilities?
- Are controls established?
- Is there a mechanism that promotes the ongoing consideration of new strategies for capturing and maintaining information?

Capturing Knowledge

Policies and procedures have been established for records management.

- Accessible by all employees on Lotus Notes Database.
- Defines what is considered a Federal record.
- Outlines employees responsibilities.
- Addresses record retention and disposal.

Capturing Knowledge

Staff recordkeeping responsibilities are emphasized.

- Published articles in FCA This Week on records management.
- Records management staff periodically meet with employees to discuss records management responsibilities.
- Records management staff available to answer employee's questions.

Capturing Knowledge

Controls have been established to assist in capturing knowledge.

- Internal Control Program ensures documents are:
  - received by central files.
  - easily retrieved.
  - disposed of according to retention requirements.

Capturing Knowledge

Controls could be strengthened to ensure all employees certify they are not removing any nonrecord materials upon leaving the Agency.

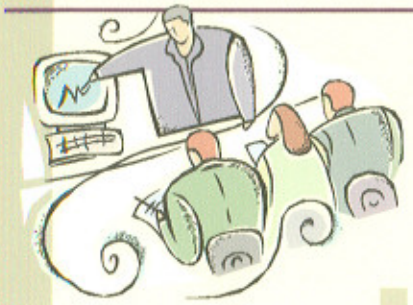
- Prior to leaving the Agency, employees must sign a certification for removal of records as part of the check-out process.
  - The records officer signs off on the employee's check-out form acknowledging they have received the certification.
  - The employee's checkout form is received by payroll/personnel for final review prior to an employee leaving the Agency.
  - We compared a listing of employees who left the Agency to the nonrecord removal certifications forms completed from October 2003-2005.
  - Generally, employees were completing nonrecord removal certification (92% had completed the nonrecord removal certification forms).
  - However to strengthen controls, the Office of Management Services should ensure that the employee's check-out record form be thoroughly reviewed and fully completed with all required signatures prior to the employee leaving the Agency.

Capturing Knowledge

Increased use of electronic processes requires new strategies for maintaining information.

- Generally, the Agency's recordkeeping is focused on a "print to paper" approach for maintaining records.
- In coming years automated systems and processes will largely replace paper-based systems and processes.
- Recordkeeping practices that existed in the paper environment may be ignored in transition to electronic business environments.
- With the rapid advances and significant growth in business being conducted through e-mail traffic and on-line services, the Agency must examine ways to capture information in less of a paper-based system.

Maintaining Information



Is the process for maintaining information adequate?

- Is the process for developing recordkeeping systems adequate?
- Is the Agency adequately assessing its recordkeeping needs and developing new processes for maintaining information?
- Is there a process to ensure the ongoing relevance and usefulness of stored information?

Maintaining Information

The Information Resource Management Plan is a good process for recordkeeping systems development.

- End-users involvement in developing recordkeeping systems enhance information use.
- Cross-functional collaboration between technical experts, management and staff.
- Increases mission-focus system designs.
- Decrease databases being compartmentalized.

Maintaining Information

The Agency needs to assess its recordkeeping needs.

- During our review we identified 205 recordkeeping systems.
- Our review of various recordkeeping systems found:
  - A couple of databases were developed and never used (e.g. telework survey, OCOO Strategic Plan comments).
  - Some databases were being used for critical Agency functions but were not being managed as official Agency recordkeeping systems (e.g. ORP economic databases).
  - Some databases receive an onslaught of information regularly making them difficult to manage (e.g. OE institutional database).
- In addition, there is no real grasp on records that are being developed on various offices' shared drives and employee's personal workspaces.

Maintaining Information

An assessment of the Agency's business needs from an office level and organizational level will help the Agency identify "what information is needed".

- The assessment should include the following:
  - A complete inventory of the Agency's existing record systems.
  - Identification of essential records that must be maintained and shared.
  - Duplication of information.
  - Systems that might be replaced by a new record system.
  - Senior management and operational staff perspective on what records should be maintained.
  - Gaps in records accountability.
  - Recordkeeping strengths.

Maintaining Information

The Agency has a process in place that can help ensure information maintained remains relevant and useful.

- The Agency has a centralized records management staff and a liaison person within each office responsible for maintaining Agency records.
- The centralized records management staff completes annual reviews on the Agency's records. The reviews include:
  - Making sure required documents are being forwarded to central files.
  - Ensuring that documents are destroyed or sent to permanent archive according to retention periods.
  - Identifying changes in filing systems (e.g. paper to electronic).

Maintaining Information

Annual reviews could be expanded to also include the following.

- As part of the annual review, records management staff and their liaisons should also be reviewing recordkeeping systems for their usefulness and relevance.
- In addition, senior management and operational staff should be queried on what information is needed.
  - Senior mangers can provide a broader perspective on particular records they would like to see created and kept.
  - Operational staff are a valuable source for identifying more specific business practices and what information is needed, what's valid and what should be shared.

Knowledge Sharing

Is institutional knowledge being shared within FCA?

- Does the Agency make the best use of human capital intellect (e.g. best practices, lessons learned)?
- Does the Agency stimulate knowledge sharing?

Knowledge Sharing

The Agency needs to reinforce the importance of sharing human capital intellect.

- In upcoming years the Agency may lose valuable corporate knowledge due to retirements and attrition. This can have a crippling effect on the Agency's effectiveness.
- The Agency is continually changing through restructuring, shared services and the increasing use of information technology. In this context, the Agency must focus on preserving information needed to support the delivery of programs and services.
- The trend in government today is that employees do not stay at the same agency as once was the norm. It is important to capture employees' *know how and know what.*

Knowledge Sharing

A Knowledge Management Steward can improve Agency operations by:

- Preserving the expertise of departing employees.
- Helping the Agency gain understanding from its experiences.
- Improving the Agency's ability to solve problems and plan strategically.
- Encouraging innovation and new ideas.

Agre

1. The Office of Manageme
   Knowledge Managemen
2. The Office of Manageme
   recordkeeping systems.
   a. A listing of all Agen
      personal workspace
   b. Identification of ess
      - Legal and gov
      - Interviews with
   c. Determination on w
      systems could be c
   d. Identification of info
   e. Recommendations
      system (e.g. paper-
   f. Strategies for captu
      on-line services).
3. The Office of Manageme
   sharing.
4. The Office of Manageme
   certification process.

Conclusion

- Policies, procedures and controls have been established for capturing information. However, policies and procedures need to be continually reexamined to develop new approaches for capturing information, particularly approaches using electronic applications.
- A successful recordkeeping system should be focused toward high quality content. The Agency must ensure information maintained is relevant and useful.
- With the continuous changes to the Agency's business environment, FCA needs to develop a strategy to assess its internal and external operating environment and ensure the appropriate corporate knowledge or information is being captured, maintained and shared.

REPORT

Fraud ❖ Waste ❖ Abuse ❖ Mismanagement

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