Accounts and Budget

Support

Level –III

Preparing Matching and Processing

Receipts

Receive, identify and record receipts

❖ What is Receipt

It is;

- A written acknowledgment of having received, or taken into one's possession, a specified amount of money, goods, etc.
- **Receipts,** the amount or quantity received.
- The act of receiving or the state of being received.
- Something that is received.

A **receipt** is a written acknowledgment that a specified article orpayment has been received. A receipt records the sale of goods or provision of a service. If the recipient of the payment is required to collect a tax from the customer, the amount collected would also be included on the receipt and the amount would be deemed to have been collected on behalf of the relevant government tax authority. In many countries a retailer is required to include the tax and similar amounts in the price of goods sold. Similarly, amounts may be deducted from amounts payable, as in the case of wage withholding taxes. On the other hand, tips or other gratuities given by a customer, for example in a restaurant, would not form part of the payment amount. In some countries, it is obligatory for a business to provide a receipt to a customer confirming the details of a transaction. In most cases the recipient of money provides the receipt, but in some cases the receipt is generated by the payer, as in the case of goods returned to a store for a refund. A receipt is not the same as an invoice.

However, there is usually no set form for a receipt, such as a requirement that it be machine generated. Many point-of-sale terminals or cash registers automatically produce receipts. Receipts may also be generated by accounting systems, be manually produced or generated electronically, for example if there is not a face-to-face transaction. To reduce the cost of postage and processing, many businesses do not mail receipts to customers, unless specifically requested or required by law; some transmitting them electronically. Others, to reduce time and paper, may endorse an invoice, account or statement as "Paid".

Store receipts

The custom in most stores at the point of sale is for a salesperson to scan or in some way record the price of a customer's proposed purchases, including tax, discounts and other adjustments. In traditional situations and still in some family businesses today, the salesperson would then show the customer the summary, the invoice, for their agreement; but most stores today bypass this stage. The practice of presenting an invoice is most common in restaurants where a "bill" is

presented after a meal. The salesperson would indicate to the customer the total amount payable, and the customer would indicate the proposed method of payment of the amount. After processing the payment, the salesperson would then generate in the one document an invoice and receipt. If payment was made by a payment card, a payment record would also be generated. These are the printed record of the transaction, and are legal documents. A copy of these documents would be handed to the customer. In many countries a retailer is under a legal obligation to provide a receipt to a customer which shows the details of a transaction and the store and other information, so that the tax authority can check that sales are not being hidden. The document may also include messages from the retailer, warranty or return details, special offers, advertisements or coupons, but these are merely promotional and not part of the formal receipt.

Receipts may also be provided for non-retail operations such as banking transactions.

Manual receipts

Hand-written or hand-completed receipts are more often used for infrequent or irregular transactions, or for transactions conducted in the absence of a terminal, cash register or point of sale: for example, as provided by a landlord to a tenant to record the receipt of rent.

Types of Receipt

Money is received in three ways:

- Directly by cheque or bank transfer.
- At the mill on open days, Saturday mornings or when milling/bagging
- Off-site at talks, fairs, etc.

a) Direct Receipts

- **Cheques** received directly for memberships and postal sales are recorded by her in an Excel file. Membership information is recorded in an Access database.
- **Bank transfers** are recorded from on line banking and held in an Excel file. copies the details on a monthly basis for membership records and to confirm receipts for wholesales.

b) Receipts at the Mill

All receipts are rung into the till and **identified as by cash or cheque**. Donations arising from "keep the change" are placed in the donations pot by the till. At the end of each day's trading the contents of the pot are counted and rung into the till as a single donation transaction.

c) Receipts Off-site

A manual record is made of cash and cheques received other than in the above two.

This record identifies receipts by item so that they can be rung into the till at the next opportunity.

As soon as convenient after receipt these monies are rung into the till in the same way as those received at the mill and **the amounts tendered by cash and cheques are keyed accordingly**. The actual total of cash/cheques is checked against both the manual record and the till total. The cash/cheques and the manual record are left either in the till or in the safe in the mill.

Recording and Depositing Cash Receipts

When to Deposit

All cash receipts should be recorded and deposited within 24 hours of receipt unless amounts total less than $500, and then at least weekly, in Ethiopian context cash must be deposited if it idle that mean out purpose and above 100 br.

If the correct account cannot be easily identified for a cash receipt, a suspense account should be used to ensure that the receipt is recorded in a timely manner and posted to the University's accounting records. Such receipts will be reclassified when the correct account is determined.

Use of RIF (Receipt Identification Form)

Use the on-line Receipt Identification Form (RIF); to record receipt of any of the following forms of payment.

- currency and coin
- checks
- drafts
- money orders
- traveler's checks.

Certain items may be accompanied by supporting documentation that becomes part of the deposit record, such as correspondence from donors or other descriptive correspondence or attachments. Section 3 gives procedures for supporting documentation

Do not use RIF to record:

- returns of Payroll overpayments: salary/wage or benefits
- repayments of charges that were initially incurred through Accounts Payable (e.g., vendor refunds, repayments of travel or expense advances)
- receipt of grant or contract funds.

Returns of Payroll Overpayments

Do not enter a RIF for receipts intended to return an overpayment of salary or benefits. The Payroll Department will enter all returns of overpayments.

To process a return of a salary or benefits overpayment:

1. Contact the Payroll Department at 436-4303 to determine the exact amount the employee should return to the University.
2. Complete a Payroll Payment Adjustment Form.
3. Hand-deliver the completed Payroll Payment Adjustment Form and the original Yale University paycheck and/or personal check to Payroll Office, 221 Whitney Avenue.
4. The Payroll Department will send a confirmation e-mail to the contact person indicated on the Payroll Payment Adjustment Form, to notify the department that Payroll has received the information and is processing the transaction.

Repayments of Accounts Payable Charges

Do not enter a RIF for receipts intended to repay charges that were initially incurred through Accounts Payable. Examples of such receipts are:

- a refund check for an order that was reduced or canceled
- receipts that are intended to modify an existing invoice or purchase order that has already been paid
- repayment of an outstanding travel or expense advance.

The Accounts Payable Department will enter all such repayments.

To process a repayment of an Accounts Payable charge:

1. Prepare a memo to Accounts Payable that includes:

- an explanation of the repayment
- the PTAEO where the credit should be applied
- the name, phone number and e-mail address of the department contact person for this transaction.

2. Attach the following:

- repayment check
- copy of vendor credit notice, original purchase order or invoice, or other supporting documentation.

3. Hand deliver to Accounts Payable, 344 Winchester.

4. The Accounts Payable Department will send a confirmation e-mail to the department contact person, confirming that Accounts Payable has received the information and is processing the transaction.

Gift Income Received in the Department

Most often, contributions are sent directly to the Development Office and deposits are processed by the Contribution Processing unit within that office.

However, occasionally departments directly receive cash or checks representing gifts to the University. Such gifts may also be accompanied by letters or other documents describing the intended use of the contributions.

Departments must deposit such gift income in RIF as described in Section 2. Send all documentation to Contribution Processing as specified in Section 3, or place in an envelope labeled for Contribution Processing and drop off at Treasury Services, the same day the deposit is recorded and submitted.

If a gift received in this way is given for a new initiative or is restricted in some way that makes its classification within a current source difficult or improper, one may need a new source and award for the gift.

Prepare and Deliver the Deposit

Separate cash and checks from supporting documents. Submit coins in envelopes or rolls. If you are submitting a large amount of cash, separate and strap the bills. Roll coin if it exceeds the

standard amount of a roll of coin. Cash straps and coin wrappers are available at Treasury Services.

Reconcile the cash to the corresponding tracking slip amount, and attach cash and checks securely to the tracking slip.

If you have entered "various" on any line of the RIF you must attach a calculator tape or spreadsheet that shows the details of the aggregated amounts. A tape must show the number of items and the dollar amount of each.

Invoiced Sales

Some wholesales to shops and bakeries are invoiced. Receipts are treated as "direct" or "off-site" depending on method of payment. Invoices are sequentially numbered and maintains a list identifying invoice no., date, customer, value, payment method and (where applicable) date rung into till. The list is copied monthly to.

Income Reporting

Income is recorded under five main headings:

• Subscriptions.

• Donations - money received for talks is treated as a donation.

• Entry fees from open days and group visits to the mill.

• Flour sales.

• Other merchandise – within this heading baked goods are currently identified separately and paid for in arrears on the basis of items sold.

Income received through the till is reported on the basis of actual cash/cheques counted. In the accounting records makes any adjustment required to till Z readings, consulting where necessary with till operators. Identifiable discrepancies are adjusted accordingly; unidentified errors are allocated to merchandise sales. Collates direct income and adjusted till receipts into a Sales Report for each committee meeting, reconciled to the amounts banked to date.

Security

At the end of each day's trading the contents of the till drawer are placed in the safe and the till drawer is left open. After cashing up the float is left in the safe. If not they are bagged and left in the safe separate from the float. Receipts are banked as soon as possible after cashing up.

Financial Controls Policies and Procedures For Small Nonprofit Organizations

1. ***Receipt of Checks in the Office.*** The Secretary opens all mail addressed to the organization. The

Secretary makes a photocopy of all checks received and provides the photocopies to the Treasurer.

This allows the Treasurer to verify that all checks received are deposited.

The Secretary will endorse all checks by an endorsement stamp that provides that the check is "For

Deposit Only" and will be paid to the order of the corporate bank and lists the organization's name and account number. This lessens the risk that a check may be stolen and cashed.

2. ***Receipt of Cash in the Office***. Cash is easily stolen and must be handled carefully. If cash comes into the office, the person accepting the cash must provide a written receipt when taking the cash:

• The receipt should state the person's name, the date, the amount of the cash and the purpose of the payment.

• Use a pre-numbered receipt book with an automatic duplicate copy with the organization's name printed on it.

• No pages may be removed from the receipt book.

• The person with access to the receipt book shall keep it in a locked drawer and shall lock cash in a secured location until the Secretary can retrieve it.

• If possible, when the Secretary opens the location with the cash, one other person will accompany the Secretary so that they can count the cash together.

3. ***Deposit Slips***. The Secretary will deposit corporate funds as follows:

• Prepare a deposit slip in duplicate.

• Photocopy the checks and staple the photocopies to the copy of the deposit ticket that we keep.

• If cash will be included in the deposit, the Secretary will attach a list to the duplicate deposit ticket which includes the sources of the cash and the receipt #s in the duplicate receipt book for each source of cash.

• File this documentation chronologically in a locked cabinet to prevent theft.

The Treasurer will consult the deposit ticket and attached photocopies when making the Bank Reconciliation described below.

4. ***Bank Deposit***. If no cash is present, the deposit may be mailed to the bank. If cash is present, a second person (if available) shall verify deposited funds prior to the Secretary sealing the envelope and making the deposit in person. The person verifying the cash shall initial the cash on the copy of the deposit slip retained by the organization.

5. ***Receipt of Checks and Cash Outside the Office***. If checks and/or cash come in outside the office (such as at a fundraising event), we need to take special precautions to protect these receipts from theft and to ensure that no one is falsely accused of stealing funds.

- Two people need to prepare the deposit slip for the funds in duplicate.
- Both must count the cash and initial the cash count on the copy of the duplicate deposit slip kept by the organization.
- If the individuals accepting the contributions at the event know the names of the individuals making gifts in cash, they will provide a receipt using the pre-numbered receipt book. If the funds are received through a "pass the hat" style collection in which it is not possible to know who gave what amount, the individuals accepting the contributions will note that no receipts were provided to donors on the duplicate deposit slip.
- It is not necessary to write out a receipt for contributions made by check unless the donor requests a receipt. However, the individuals accepting the contributions should make a list of all checks received at the event, including the name of the donor and the amount of the contribution. They will compare this list to the deposit to be sure all checks have been included in the deposit.
- If no cash is received at the event, the individuals accepting the contributions by check will give the Secretary the list and the checks within 24 hours of the event.
- If there is cash in the deposit, one of the two individuals accepting contributions must deposit the funds immediately. If checks will be deposited with the cash, the individuals accepting the checks should be sure that the list of checks they prepare includes the donor's address as well as name.
- The duplicate receipt book and the list of checks received shall be given to the Secretary who will send acknowledgement letters.

6. *Credit Card Contributions*. We do not accept contributions by credit card. If we decide to do that, we need to get accounting advice to make sure we have the proper controls in place.

Match receipts to documentation

❖ Understanding the Receiving Process

You can use either an informal or formal receiving process to acquire the goods and services that you requested on a purchase order. You must use the formal receiving process if you purchase items to inventory; you can use the informal or formal receiving process if you purchase items or services to the general ledger.

This section discusses:

- Informal receiving process.
- Formal receiving process.

Informal Receiving Process

An informal receiving process is one in which you enter receipt information at the same time that you create a voucher. If you create a voucher for 50 pens, the system determines that you received 50 pens.

When you use an informal receiving process, the system creates a single record in the F43121 table when you create a voucher. The system also creates a liability for the purchase at that time.

Formal Receiving Process

A formal receiving process is one in which you enter details of a receipt before you create vouchers. You create vouchers based on the receipt information. For example, if you enter a receipt for 50 pens, you must create a voucher for 50 pens.

To accurately account for the receipt of goods, the formal receiving process is likely to include:

- Taking physical receipt of items.
- Identifying details of the receipt.
- Recording details of the receipt.

You can use purchase receivers in the formal receipt process to manually record the receipt of goods upon delivery. You can then enter that information into the system.

You can eliminate the use of purchase receivers if you use terminals to enter receipt information upon delivery or if you use copies of original purchase orders as receiving forms.

Reviewing Journal Entries for Receipt Transactions

This section provides an overview of journal entry review for receipt transactions and discusses how to:

- Review journal entries for receipt transactions.
- Post receipts.

Understanding Journal Entry Review for Receipt Transactions

The system creates journal entries each time you enter or reverse a receipt. You can review the journal entries for accuracy and then post them to the general ledger.

When you enter a formal receipt, the system creates journal entries that:

- Debit an inventory account if it is a stocked line; otherwise debit the general ledger account.
- Credit a received not voucher account.

If tax is applicable to a receipt, the system also creates tax accrual entries. If you apply landed costs at the time of receipt, the system creates entries for accrued landed costs.

You might use a standard cost method to determine the inventory cost for an item. The standard cost for an item remains consistent unless you manually change it. If a variance exists between the standard cost and the price at which you purchase an item, the system creates journal entries to account for the variance. You use processing options to specify whether the system creates separate journal entries for each detail line or summarizes the entries for all lines.

When you reverse a receipt, the system automatically reverses the corresponding journal entries.

Posting Receipts

To post receipts, select Receipts Matching and Posting, G/L Receipt Post.

After you review journal entries, you can post them to the general ledger using the General Ledger Post program

When you run the General Ledger Post program, the system performs these processes:

Selects qualified batches of unposted transactions from the F0911 table.

Edits and verifies each transaction.

Posts accepted transactions

Marks each transaction and batch header as posted

Updates the amount relieved for non-stock items.

Printing Receipt Information

You can print receipt information that is specific to purchase orders, suppliers, business units, and so forth.

You can print the Open Purchase Order Status report to review purchase orders containing items that are overdue. For each purchase order that you specify, you can review this detail line information:

- Original order quantity.
- Received quantity.
- Quantity open to receive.
- Days overdue.
- Information for this report prints in this order:
- User ID
- Supplier
- Order number
- Line number
- A total open amount is provided for:
- Each purchase order
- Each supplier
- Each user
- The entire report

Understanding Purchase Receivers

A purchase receiver is a document that you use to manually record the receipt of goods upon delivery. A purchase receiver provides you with:

- Original purchase order information.
- Quantities that you have yet to receive.
- A column for recording receipt quantities or amounts.

You might need a purchase receiver to:

- Review purchase order information for incoming goods.
- Confirm information about the items that you receive.
- Record receipt information to enter in the system.

You determine the information that prints on purchase receivers. Processing options enable you to specify whether to print:

- Price information

- Order quantities
- Cross-reference numbers
- Foreign currency amounts

Entering Receipts

This section provides an overview of receipt information, lists a prerequisite, and discusses how to:

- Set processing options for Receipts
- Enter receipt information.

Understanding Receipt Information

After you receive the goods on a purchase order, you must record the details of the receipt. The system uses receipt information to:

- Update item quantities and costs in the Inventory Management system.
- Update general ledger accounts.

When you receive goods, you must verify that the details of the receipt correspond to the information on the purchase order. You must verify item numbers, quantities, units of measure, costs, and so forth. If the receipt details differ from those on the purchase order, you must adjust the purchase order detail lines to reflect the receipt. For example, if landed costs, such as delivery charges or import taxes, apply to the item's purchase price, you enter these costs for the order during the receipt process.

The system also enables the pricing and repricing of purchase order items at receipt. Pricing and repricing at receipts for matrix items and quality attributes enables you to account for price changes that must be reflected when an item is received.

When a direct ship order is created in JD Edwards EnterpriseOne Sales Order Management, the system automatically creates a corresponding purchase order. For a direct ship order, you must enter a receipt to update the corresponding sales order with the new status information. However, if you enter a partial receipt, the system splits the corresponding order detail lines on the direct ship sales order and updates only the order detail line that was received.

If you work in an inventory environment, you can specify the warehouse location in which to store items upon receipt. If a certain location is full, you can assign items to multiple locations. If you group items by lot, you can assign items to a single lot or to multiple lots. If necessary, you can specify serial numbers for these items.

If the receiving branch/plant has license plate functionality activated, you use the processing options on the Warehouse tab and license plate branch/plant constants to process license plate information for adding inventory to the location.

Each time you receive an order, the system:

- Creates a receipt record Updates item quantities (availability and commitment)
- Adds a new record
- Updates the appropriate accounts

Each time you cancel or reverse a receipt, the system updates the same tables that were updated when you entered the original receipt.

Entering Receipt Information

You must enter receipt information to verify the receipt of goods or services on a purchase order. You must verify the quantity, cost, and so forth for each order that you receive.

If you are entering a receipt that has many purchase order detail lines, you might want to enter the information using the network. If you are entering a receipt for a kit, you can enter receipt information for the components only. You cannot enter a receipt for the parent item.

To enter a receipt, you must first locate the open purchase-order detail lines that correspond to the receipt. An open detail line contains items that have not yet been received. The system retrieves all open detail lines for the item number, purchase order number, or account number that you specify. You can set the processing options for PO Receipts (P4312) to display cost information and to determine whether you can change costs for the order detail lines.

Pricing and Re-pricing at Receipts

You can price and re-price items at receipt based on quality attributes and changes in pricing. The system uses contracts and price adjustments to calculate the new item price at receipts.

Note:

If two or more users attempt to receive an order with the same item and branch/plant combination at the same time, one or more of the users may get a transaction error.

Understanding Receipt Information Printouts

You can print receipt information that is specific to purchase orders, suppliers, business units, and so forth.

You can print the Open Purchase Order Status report to review purchase orders containing items that are overdue. For each purchase order that you specify, you can review this detail line information:

- Original order quantity.
- Received quantity.
- Quantities open to receive.
- Days overdue.

Information for this report prints in this order:

- User ID
- Supplier
- Order number
- Line number
- A total open amount is provided for:
- Each purchase order
- Each supplier
- Each user
- The entire report

You can print the Inventory Receipts Register report to review all items that you have received from a supplier. This report contains the following information for each detail line that pertains to a supplier:

- Item number or account number.
- Date that the order was received.
- Received quantity and amount.

Document

1) In general, a document (noun) is a record or the capturing of some event or thing so that the information will not be lost. Usually, a document is written, but a document can also be made with pictures and sound. A document usually adheres to some convention based on similar or previous documents or specified requirements. Examples of documents are sales invoices, wills and deeds, newspaper issues, individual newspaper stories, oral history recordings, executive orders, and product specifications.

A document is a form of information . A document can be put into an electronic form and stored in a computer as one or more file s. Often a single document becomes a single file. An entire document or individual parts may be treated as individual data items. As files or data, a document may be part of a database . Electronic Document Management (EDM) deals with the management of electronically-stored documents.

When using certain computer application programs such as a word processor , a document is the unit of saved work. Each document is saved as a uniquely named file.

In the computer industry, documentation is the information provided to a customer or other users about a product or the process of preparing it.

2) To document (verb) a fact, event, or other thing is to record or annotate it, meaning to put it into some relatively permanent form so that it can be retrieved later.

Enter data to systems

Cash Receipts Procedure

The process of receiving cash is highly regimented. This is because the task of processing checks is loaded with controls. They are needed to ensure that checks are recorded correctly, deposited promptly, and not stolen or altered anywhere in the process.

The procedure for check receipts processing is outlined below:

1. *Record checks and cash*. When the daily mail delivery arrives, record all received checks and cash on the mailroom check receipts list. For each check received, state on the form the name of the paying party, the check number, and the amount paid. If the receipt was in cash, then state the name of the paying party, check the "cash?" box, and the amount paid. Once all line items have been completed, enter the grand total in the "total receipts" field at the bottom of the form. Sign the form, and state the date on which the checks and cash were received. Also, stamp "for deposit only" and the company's bank account number on every check received; this makes it more difficult for someone to extract a check and deposit it into some other bank account.

2. *Forward payments*. Insert all checks, cash, and a copy of the mailroom check receipt list into a secure interoffice mail pouch. Have it hand-delivered to the cashier in the accounting department. The cashier matches all items in the pouch to the mailroom check receipt list, initials a copy of the list, and returns the copy by interoffice mail to the mailroom. The mailroom staff then files the initialed copy by date.

3. *Apply cash to invoices*. Access the accounting software, call up the unpaid invoices for the relevant customer, and apply the cash to the invoices indicated on the remittance advice that accompanies each payment from the customer. If there is no indication of which invoice is to be credited, record the payment either in a separate suspense account, or as unapplied but within the account of the customer from whom it came. In the latter

situation, make a photocopy of the check and retain it for application purposes at a later date, so that the check can still be deposited on the current date.

4. *Record other cash (optional).* Some cash or checks will occasionally arrive that are not related to unpaid accounts receivable. For example, there may be a prepayment by a customer, or the return of a deposit. In these cases, record the receipt in the accounting system, along with proper documentation of the reason for the payment.

5. *Deposit cash*. Record all checks and cash on a deposit slip. Compare the total on the deposit slip to the amount stated on the mailroom check receipts list, and reconcile any differences. Then store the checks and cash in a locked pouch and transport it to the bank.

6. *Match to bank receipt*. Upon receipt of the checks and cash, the bank issues a receipt for it. Someone other than the cashier should compare this receipt to the amount on the deposit slip, and reconcile any differences. It may be useful to staple the receipt to a copy of the deposit slip and file the documents, as proof that the matching step was completed.

Chart of Accounts

The chart of accounts is a listing of all the accounts in the general ledger, each account accompanied by a reference number. To set up a chart of accounts, one first needs to define the various accounts to be used by the business. Each account should have a number to identify it. For very small businesses, three digits may suffice for the account number, though more digits are highly desirable in order to allow for new accounts to be added as the business grows. With more digits, new accounts can be added while maintaining the logical order. Complex businesses may have thousands of accounts and require longer account reference numbers. It is worthwhile to put thought into assigning the account numbers in a logical way, and to follow any specific industry standards. An example of how the digits might be coded is shown in this list:

Account Numbering

1000 - 1999: asset accounts
2000 - 2999: liability accounts
3000 - 3999: equity accounts
4000 - 4999: revenue accounts
5000 - 5999: cost of goods sold
6000 - 6999: expense accounts
7000 - 7999: other revenue (for example, interest income)
8000 - 8999: other expense (for example, income taxes)

By separating each account by several numbers, many new accounts can be added between any two while maintaining the logical order.

Defining Accounts

Different types of businesses will have different accounts. For example, to report the cost of goods sold a manufacturing business will have accounts for its various manufacturing costs whereas a retailer will have accounts for the purchase of its stock merchandise. Many industry associations publish recommended charts of accounts for their respective industries in order to establish a consistent standard of comparison among firms in their industry. Accounting software packages often come with a selection of predefined account charts for various types of businesses.

There is a trade-off between simplicity and the ability to make historical comparisons. Initially keeping the number of accounts to a minimum has the advantage of making the accounting system simple. Starting with a small number of accounts, as certain accounts acquired significant balances they would be split into smaller, more specific accounts. However, following this strategy makes it more difficult to generate consistent historical comparisons. For example, if the accounting system is set up with a miscellaneous expense account that later is broken into more detailed accounts, it then would be difficult to compare those detailed expenses with past expenses of the same type. In this respect, there is an advantage in organizing the chart of accounts with a higher initial level of detail.

Some accounts must be included due to tax reporting requirements. For example, in the U.S. the IRS requires that travel, entertainment, advertising, and several other expenses be tracked in individual accounts. One should check the appropriate tax regulations and generate a complete list of such required accounts.

Other accounts should be set up according to vendor. If the business has more than one checking account, for example, the chart of accounts might include an account for each of them.

Account Order

Balance sheet accounts tend to follow a standard that lists the most liquid assets first. Revenue and expense accounts tend to follow the standard of first listing the items most closely related to the operations of the business. For example, sales would be listed before non-operating income. In some cases, part or all of the expense accounts simply are listed in alphabetical order.

Sample Chart of Accounts

The following is an example of some of the accounts that might be included in a chart of accounts.

Sample Chart of Accounts

Asset Accounts

Current Assets

1000	Petty Cash
1010	Cash on Hand (e.g. in cash registers)
1020	Regular Checking Account
1030	Payroll Checking Account
1040	Savings Account
1050	Special Account
1060	Investments - Money Market
1070	Investments - Certificates of Deposit
1100	Accounts Receivable
1140	Other Receivables
1150	Allowance for Doubtful Accounts
1200	Raw Materials Inventory
1205	Supplies Inventory
1210	Work in Progress Inventory
1215	Finished Goods Inventory - Product #1
1220	Finished Goods Inventory - Product #2
1230	Finished Goods Inventory - Product #3
1400	Prepaid Expenses
1410	Employee Advances
1420	Notes Receivable - Current

1430	Prepaid Interest
1470	Other Current Assets

Fixed Assets

1500	Furniture and Fixtures
1510	Equipment
1520	Vehicles
1530	Other Depreciable Property
1540	Leasehold Improvements
1550	Buildings
1560	Building Improvements
1690	Land
1700	Accumulated Depreciation, Furniture and Fixtures
1710	Accumulated Depreciation, Equipment
1720	Accumulated Depreciation, Vehicles
1730	Accumulated Depreciation, Other
1740	Accumulated Depreciation, Leasehold
1750	Accumulated Depreciation, Buildings
1760	Accumulated Depreciation, Building Improvements

Other Assets

1900	Deposits
1910	Organization Costs
1915	Accumulated Amortization, Organization Costs
1920	Notes Receivable, Non-current
1990	Other Non-current Assets

Liability Accounts

Current Liabilities

2000	Accounts Payable
2300	Accrued Expenses
2310	Sales Tax Payable
2320	Wages Payable
2330	401-K Deductions Payable
2335	Health Insurance Payable
2340	Federal Payroll Taxes Payable
2350	FUTA Tax Payable
2360	State Payroll Taxes Payable
2370	SUTA Payable
2380	Local Payroll Taxes Payable
2390	Income Taxes Payable
2400	Other Taxes Payable

2410	Employee Benefits Payable
2420	Current Portion of Long-term Debt
2440	Deposits from Customers
2480	Other Current Liabilities

Long-term Liabilities

2700	Notes Payable
2702	Land Payable
2704	Equipment Payable
2706	Vehicles Payable
2708	Bank Loans Payable
2710	Deferred Revenue
2740	Other Long-term Liabilities

Equity Accounts

3010	Stated Capital
3020	Capital Surplus
3030	Retained Earnings

Revenue Accounts

4000	Product #1 Sales
4020	Product #2 Sales

4040	Product #3 Sales
4060	Interest Income
4080	Other Income
4540	Finance Charge Income
4550	Shipping Charges Reimbursed
4800	Sales Returns and Allowances
4900	Sales Discounts

Cost of Goods Sold

5000	Product #1 Cost
5010	Product #2 Cost
5020	Product #3 Cost
5050	Raw Material Purchases
5100	Direct Labor Costs
5150	Indirect Labor Costs
5200	Heat and Power
5250	Commissions
5300	Miscellaneous Factory Costs
5700	Cost of Goods Sold, Salaries and Wages
5730	Cost of Goods Sold, Contract Labor
5750	Cost of Goods Sold, Freight

5800	Cost of Goods Sold, Other
5850	Inventory Adjustments
5900	Purchase Returns and Allowances
5950	Purchase Discounts

Expenses

6000	Default Purchase Expense
6010	Advertising Expense
6050	Amortization Expense
6100	Auto Expenses
6150	Bad Debt Expense
6200	Bank Fees
6250	Cash Over and Short
6300	Charitable Contributions Expense
6350	Commissions and Fees Expense
6400	Depreciation Expense
6450	Dues and Subscriptions Expense
6500	Employee Benefit Expense, Health Insurance
6510	Employee Benefit Expense, Pension Plans
6520	Employee Benefit Expense, Profit Sharing Plan
6530	Employee Benefit Expense, Other

6550	Freight Expense
6600	Gifts Expense
6650	Income Tax Expense, Federal
6660	Income Tax Expense, State
6670	Income Tax Expense, Local
6700	Insurance Expense, Product Liability
6710	Insurance Expense, Vehicle
6750	Interest Expense
6800	Laundry and Dry Cleaning Expense
6850	Legal and Professional Expense
6900	Licenses Expense
6950	Loss on NSF Checks
7000	Maintenance Expense
7050	Meals and Entertainment Expense
7100	Office Expense
7200	Payroll Tax Expense
7250	Penalties and Fines Expense
7300	Other Taxes
7350	Postage Expense
7400	Rent or Lease Expense
7450	Repair and Maintenance Expense, Office

7460	Repair and Maintenance Expense, Vehicle
7550	Supplies Expense, Office
7600	Telephone Expense
7620	Training Expense
7650	Travel Expense
7700	Salaries Expense, Officers
7750	Wages Expense
7800	Utilities Expense
8900	Other Expense

❖ Understanding Manual Receipts

Understanding Receipts Entry Methods

Depending on the type of receipt, you can use either the Standard Receipts Entry or Speed Receipts Entry program to enter receipts. If you enter unapplied or general ledger receipts you can use either program. To help determine which method you should use, consider the advantages and limitations of standard and speed receipts entry:

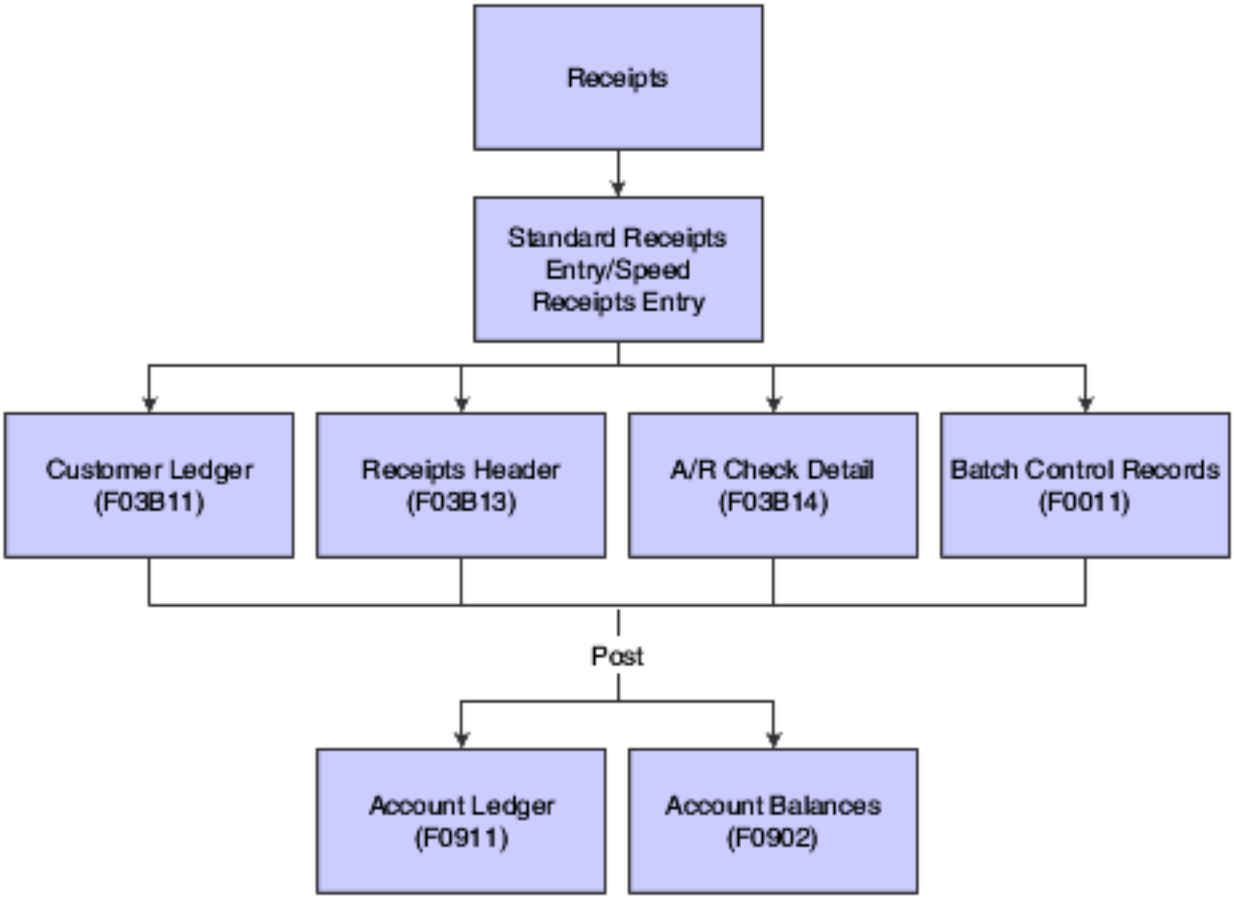
Understanding the Steps for Processing Manual Receipts

You use the standard three-tier processing steps to manage manual receipts:

- Enter
- Review
- Post

This graphic illustrates the receipt entry process and the tables that the system updates:

Figure 1below shows Manual receipts process


Receipts
Standard Receipts Entry/Speed Receipts Entry
Customer Ledger (F03B11)
Receipts Header (F03B13)
A/R Check Detail (F03B14)
Batch Control Records (F0011)
Post
Account Ledger (F0911)
Account Balances (F0902)

File documentation

Briefly, here is the 6-step program to effective files documentation :

Step 1. Determine what records are most important to your program, who should be responsible for them, and where they should be located.

Step 2. Conduct a records inventory of all the unit's records and match the records to the records schedules).

Step 3. Develop a file plan and filing procedures

Step 4. Develop recordkeeping requirements

Step 5. Improve files management via technology, indexing, and specialized equipment

Step 6. Produce a Records Management Manual

Step 1. Understand the Scope of the Problem

The keys to good filing practices are:

- Filing only what you need to file;
- Filing it in a way that facilitates access and disposition; and,
- Doing it consistently.

To do this you first must analyze your program's records management needs by determining what records are most important to your program, who should be responsible for them, and where they should be located. To start the process take some time in your regularly scheduled unit meetings to discuss the four questions posed below. The unit head (division director, branch chief, or section head) should lead the discussion.

Question 1: What does your program do that needs to be documented?

Brainstorm about the types of records created in your program. Examples might include permit files, project files, reports, publications, time cards, personnel files, contract files, and so on. Develop a list and group similar types of records, such as multiple correspondence or subject files, together into series (see the box). The series is the basic unit for organizing and controlling your files.

What is a Records Series?

Series are those file units or documents kept together because they relate to a particular subject or function, result from the same activity, document a specific type of transaction, take a particular physical form, or have some other relationship arising out of their creation, receipt, maintenance, or use. The series concept is a flexible one, and programs should be careful to create series by organizing their documents in ways that facilitate management of the records throughout their life cycle.

Question 2: Which of these records series are important to your program?

Look at each type of record and decide why it is created and maintained. Your program may be required to create and maintain records for a number of valid reasons including program administration, management reporting, statute, Federal regulation, Agency policy or procedures. There are less valid reasons too, such as reference and personal convenience. Frequently the only justifications for maintaining files are personal ones such as "I need the records for reference", "Joe wanted me to keep a copy," "somebody may ask for it", and "I don't trust anyone else to keep it."

If you are honest, you will probably find that many of the series on the list for your office are working files, files maintained simply for convenience, or reference materials. Put those aside for now, and concentrate your attention on the files that directly support EPA's mission or administration. These are the records without which your program could not function. They are the ones you need to control. Identifying these records is the most important and the most difficult step in the files improvement process. Once that is completed the next two questions are easy.

Question 3: Who should be responsible for each of the records series?

This person, usually called the file custodian, may be a secretary or administrative officer, or a technical specialist, or the unit head. Generally there should be only one custodian per series (obviously each staff person is responsible for his or her own working files).

Question 4: Where should each series be located?

Identify the location, often called the "file station". Take this information and develop a matrix (see the sample below) that lists all of your records series, the person responsible and the file station.

To cover all of the items above will probably take more than one meeting, which is why we're allowing two months for this first step. Once the four questions are answered, you will have a

theoretical framework for understanding and controlling your files. In Step 2, the records inventory, you will match this construct to reality.

Sample Matrix for Office Files

File Name	Custodian	Location
Contract files	Paul Goodman Administrative Officer	Div. file cabinet Room 226
Permit files	Pam Butler File Clerk	File room Room 231
Correspondence files	Cindy Clark Division Secretary	Cindy's desk Room 226
Ann Arbor Study	Tim Haas Project Manager	Tim's Desk Room 229A

Step 2. Conducting a Records Inventory

In Step 1 you were to develop a **documentation strategy** to identify what records your program needs to keep, where they should be filed, and who is responsible for them. The second step is to match that theoretical structure to reality by going out and **conducting an inventory** of what is actually in your office. To conduct an inventory means to do four things:

1. Physically inspect all of the files in the unit and record the essential information about them.
2. Identify duplicate, fragmented, and related records.
3. Match the records to the records schedules.
4. Evaluate the existing records (documentation) against your documentation strategy and information needs.

Physically inspect the files and record essential information.

This is the most time consuming part of the entire process. To do a good job you will need a data collection form, and a tape measure (and a sense of humor). Systematically survey any areas where records might be stored such as offices, storage areas, and off-site storage areas. Look for records in all media including maps, audio-visual materials, and electronic records.

To save time, divide what you find into four categories:

1. Personal papers
2. Reference materials
3. Other non-record materials such as stocks of publications
4. Records or potential records (including working files)

For the first three groupings, collect only the following information:

- **Volume** (linear feet or inches)
- **Owner** (who has custody of the materials) and telephone number and mail code
- **Location** (room number, file cabinet drawer, etc.)

For record and potential record material, you should collect the following information:

- **Office** What is the name of the program (office, division, or branch) responsible for the records?
- **Location** Where are the documents physically located?
  For example: file room, someone's office, etc.
- **Title** What are they called?
  For example: permits, correspondence, etc.
- **Inclusive dates** What is the date span?
  For example: 1992-1999
- **Description** What is included in the folder?
  For example: Contains records used in the issuance or denial of a permit issued by EPA offices or authorized states, Federal Facilities, or interstate agencies. Includes draft and final permits, major and minor permits, permit modifications, general, special, emergency, research, interim permits, pretreatment, and others.
- **Arrangement** How are they arranged?
  For example: alphabetically, by date, etc.
- **Medium** What is the format?
  For example: paper, microfilm, electronic, video, etc.
- **Volume** What is the current volume in feet or inches?
  For example: 2"

- **Annual accumulation** What is the rate of buildup in one year?
  For example: 6"
- **File break** When is the file closed or "cut off?"
  For example: at end of fiscal year
- **Legal requirements** Are these documents created or collected pursuant to a statute or regulation? If so, which one(s)?
  For example: Clean Water Act, as amended, Sections 402, 404, 40 CFR 122
- **Vital records** Are these documents needed for disaster recovery purposes or to protect rights and interests?
- **Finding aids** Are there any related indexes or lists which serve as finding aids?
- **Restrictions** Do the documents contain any restricted information such as confidential business information (CBI), Privacy Act or enforcement sensitive information?
- **Related records** Are there any other records which are related to this group or series? Are copies maintained elsewhere, and if so, who holds them?

To effectively capture all the information, we recommend you use some type of inventory form. We have included samples here or you can develop your own.

Sample Inventory Forms

Record Series Inventory Form (MS Word) (2 pp, 75K)

Electronic System Inventory Form (MS Word) (2 pp, 68K)

Identify duplicate, fragmented, and related records.

Once you've completed the inventory, you will be faced with a pile of survey forms organized by the locations and custodians of the files. These forms are like pieces to a puzzle that need to be assembled to create a picture of your unit's documentation.

To do this, you must establish intellectual control over them. First, review the survey forms and identify records that:

- **Duplicate** each other or overlap. A complete file should be created and the duplicates eliminated as to the extent feasible.
- Are **fragmented** with the result that the complete file is divided among several persons, each of whom has a portion of the complete file. The fragments should be physically united, if at all possible. At a minimum, the unit needs to understand where all the pieces are and who is responsible for them, and then standardize the way they are arranged and maintained.

- Are **related** to one another, such as drafts and finals, chron and subject files, or final reports and working papers. By understanding the relationships, you will be able to better determine the best retention for each piece.

Match the records to the records schedules.

The next step is to match the inventory results to the records schedules. Remember, many programs use generic schedule items such as Project Files or Contracts rather than identifying individual projects. If you have questions, call your Records Liaison Officer or the National Records Management Program Help Desk for assistance. Records for which schedule items do not exist will have to be scheduled.

Match the existing documentation against your documentation strategy and evaluate whether it matches your information needs.

The final step in the process is to determine whether the records you have are the ones you need. Compare the records you have identified to your documentation strategy.

- Do you keep files you don't need?
- Are you missing files you do need?
- Does the current organization and retention meet your current needs?
- If not, what should be changed so your needs are met?

Step 3; Developing the Filing System - The File Structure and File Plan

Many people think a file plan is simply a listing of the file folders currently in their file cabinets. A real file plan is only one component of a **filing system**, which is a set of **policies and procedures** for organizing and identifying files or documents to speed their retrieval, use, and disposition. The first document in the filing system was the Matrix for Office Files you developed as part of Step 1. The matrix shows what files the program maintains, who maintains them, and where they are maintained. The second document is the records schedule that describes the record series and gives the retention and disposition. The third document is the file plan.

Why are the File Plans Important?

Day-to-day, it is your key to better files. It will help you avoid the "subject file trap" by enabling you to:

- Document your program's activities effectively.
- Identify records consistently.

- Retrieve records quickly.
- Link to the records schedules.
- Retire records to the Federal Records Center easily.

The Subject File Trap

How often do you hear the request to "Please make a new folder for this and add it to the subject file"? The office "subject file" is one of the biggest records management problems in EPA. The typical subject file has the following characteristics, **ALL BAD**:

- It contains records, non records and personal papers.
- It contains records that belong in multiple series.
- There are no rules or procedures for filing documents.
- It is never "cut off" so that active and inactive records are filed together.

Subject files can work, and at the branch and section level they often make sense. How can you make a good subject file? Here are some tips:

- Establish procedures for filing documents and maintaining the file.
- Restrict the subject file to records used for managing and administering the unit, such as branch or section. File records about actual work the unit does in appropriate series.
- Establish a list of subjects and keep it up to date. Make the filing designations broad enough that you don't end up making a new file for every new document.

File plans operate on two levels. They guide you in identifying and arranging the records series in the filing equipment, and they guide you in arranging the document or file folders in the records series. Although the two are related, there are some differences.

Identifying and Arranging Series

As you completed Steps 1 and 2, you identified and separated out the non record materials in your file cabinets, and then identified the records series and matched them to the records schedules. The series is the fundamental building block of the file plan. Identifying records by series makes it easy to determine what should be filed in the series and what the retention is. To work most effectively, the series, records schedules, and file plan must be integrated into an overall file plan structure.

Arrangement

There is no one arrangement scheme that is best for all records. Here are some basic suggestions on the major ones. For more information, consult any records management text book, or contact

the National Records Management Program for a bibliography of what is available in the records management collection.

- **Chronological**
  Arranged by date. Most useful for small files and for records that have a very short life span so that you can destroy older materials without difficulty.
- **Numeric**
  Arranged by number. In its simplest form, a serial arrangement beginning with the lowest number and proceeding, but more complex systems can be used for large series. Best for case files of one type or another, permits, and forms where numbers have already been assigned.
- **Alphabetical**
  Arranged in alphabetical order from A-Z. This is the basic arrangement for most subject files. There are books written on both how to assign the titles that are put in alphabetical order, and how to alphabetize the folder (Do you file University of Maryland under University or Maryland?). Alphabetical subject files are difficult to manage unless they are very focused, and the filing and identification of folders is consistent. If you have a folder that concerns the publication of a *Federal Register* notice concerning a regulation on a specific chemical, do you file it under Federal Register Notices, regulations, or the name of the chemical? Best used for small files or very consistent ones where the folder titles are easily determined -- e.g., a file of all outgoing correspondence arranged by addressee.
- **Alpha-numeric**
  Arranged according to an identifier made up of letters and numbers. Whenever possible, the alphabetic and numeric parts of the identifier should mean something rather than being arbitrarily assigned.

Agency File Codes

The approach we suggest is to use the Agency File Codes as the basic tag to identify each series. The file code is made up of the function code (e.g., 401 - Administrative Management) and then the three digit EPA series number from the records schedules. The function code allows you to separate them by business process. Besides allowing you to easily and briefly identify each series, the file codes serve to standardize records across programs and facilitate the exchange of information and the tracking of records.

A Sample of Commonly Used Agency File Codes
401 110 - Office Administrative Files
405 036 - Routine Procurement Files

401 187 - Intra-Agency and Internal Committees

405 202 - Contract Management Records

401 127 - General Correspondence Files

Once you've identified the series using the file code, you can begin grouping those with the same prefix together in your filing equipment. Half of the file plan battle is won!

Arranging the Records Within the Series

The second stage of the file plan is to determine how to arrange the folders or documents within the series. There are four basic ways to arrange records within a series:

- By date (chronological)
- By some assigned number (numeric)
- In alphabetical order by folder title (alphabetic)
- According to a code made up of letters and numbers (alpha-numeric)

Choosing the Arrangement

The obvious question is which arrangement scheme to choose for each series of records. You need to think about how the records will be used, what characteristics the staff use to identify the records, how the records are requested, and whether they will be indexed. Let's look at each of these issues in turn.

- **How will the records be used?**
  If your office is responsible for permit files and each staff person is assigned the permits of a State, it makes sense to arrange the permits first of all by State so that each staff person doesn't have to search the entire file to find the ones for his or her State. If, on the other hand, permits are assigned to staff in a random way, some other arrangements such as permit number, facility name, facility number, etc., would be better.
- **What characteristics do the staff use to refer to the records?**
  Continuing with the permit files example, programs may use the facility name, the permit number, or a facility ID to identify files. Any of these can be used for the primary classification scheme, although standardized numbers may simplify cross-media analysis. The best advice is to use whatever identifier the staff currently use. There is no reason to arrange the files by permit number when staff look for them by facility name or vice versa.
- **How are the records requested?**
  Perhaps you have a correspondence series of outgoing letters signed by various staff members. There are a number of ways to arrange the outgoing letters. If someone asks

you to find a letter, what do they say? If it's *"I wrote a letter..."* maybe the series should be arranged by author or signer. If it's *"About three weeks ago..."*chronological may be the best bet. If it's *"Didn't we send a letter to so-and-so..."* the arrangement should be by addressee. Finally, if it's *"Have we ever had a letter asking about..."* then a subject file might be best. Pick the arrangement that will enable you to respond to the most requests most easily. If the series is an important one, you should think about indexing it to simplify searching in multiple ways.

- **Will the records be indexed?**
  If the records will be indexed, the questions are a lot simpler. Generally, modern automated indexes offer a number of search fields, and the physical arrangement of the records is less important. If the records will be indexed, the series should be physically arranged in whatever way makes the filing simplest, usually chronologically or numerically, depending upon the type of records.

Some Final Tips

- Keep the file plan simple. Let the records structure themselves when at all possible. For example, don't make up an alpha-numeric filing scheme for permits that already have a number.
- Consider using color coding for files or special folders to make filing simpler.
- Have program staff assist in developing the file plan. They will have useful suggestions, and they will feel more positive about using the file plan if they had a hand in developing it.
- Don't reinvent the wheel. The National Records Management Program has copies of many file plans for Headquarters and Regional offices. One of them may save you the time of developing your own.

Step 4. Developing Recordkeeping Requirements

At one time, records management was thought of as simply a way to cut down on the amount of paper in the office. Records schedules that allowed for the rapid destruction of the records, and microfilming (or lately imaging) systems that "got the paper off the floor" and freed up space were two of the cornerstones of an effective records management program.

Adequate and Proper Documentation

There has always been a second component to records management - the need to provide for the "adequate and proper documentation" of activities as the *Code of Federal Regulations* (CFR) calls it. Agencies and programs ensure that they have "adequate and proper documentation" by developing recordkeeping requirements. In other words, "adequate and proper documentation" is our goal and recordkeeping requirements are the means to implement the goal. Recordkeeping requirements allow Agency programs to create and maintain documentation that is complete,

consistent across offices, concise (only necessary documentation is included), compliant (meet all statutory, Federal and Agency requirements), and cost effective.

Despite all of the benefits that accrue from having recordkeeping requirements, few Federal agencies have developed a comprehensive recordkeeping requirements program. There are at least three reasons for this.

- Although the CFR mandates that agencies develop recordkeeping requirements, neither the regulations nor the National Archives and Records Administration (NARA) provide much in the way of guidance on how to do it.
- Although recordkeeping requirements are not a new idea, the stress on them is relatively recent.
- Finally, developing comprehensive recordkeeping requirements actually involves creating multiple layers of requirements, and it is often hard to get all parties to focus on the issue.

Three Components of Recordkeeping Requirements

The three basic components (layers) of a comprehensive recordkeeping requirements package are:

- Agency requirements
- Program requirements
- Series requirements

It's the Law...Regulations Governing Recordkeeping Requirements

Agencies shall identify, develop, issue, and periodically review their recordkeeping requirements for all their activities **at all levels and locations and for all media**. Recordkeeping requirements shall:

a. Identify and prescribe specific categories of documentary materials to be systematically created or received and maintained by agency personnel in the course of their official duties;

b. Prescribe the use of materials and recordkeeping techniques that ensure the preservation of records as long as they are needed by the Government;

c. Prescribe the manner in which these materials shall be maintained **wherever held**; and

d. Distinguish records from nonrecord materials and, with the approval of the Archivist of the United States, prescribe action for the final disposition of agency records when they are no longer needed for current business.

36 CFR 1220.32 Federal Records - General, Subpart C - Standards for Agency Recordkeeping Requirements

Let's look at each of the three components of a comprehensive recordkeeping requirements package.

Agency Requirements

The Agency is responsible for developing the overall framework for the recordkeeping requirements program. For example, the Agency (principally the Office of Information Collection (OIC) at EPA) issues policies and procedures covering:

- The definition of records and nonrecord
- Program responsibilities
- The management of records in all media
- Records creation and disposition
- Filing requirements

As NARA pointed out in its 1992 evaluation of EPA's records management program, the Agency's recordkeeping requirements at this level are fairly complete, and OIC is working to strengthen those that are out of date.

Program Requirements

Beneath this umbrella of Agency requirements exists a level of program-specific requirements. These requirements must address the types of records that must be kept to adequately and properly document an organization's activities.

Some requirements derive from legislation, as in cases where programs are required to maintain certain types of records such as dockets or the Superfund administrative record. Frequently, these are among our best documented activities because the Agency is very responsive to statutory requirements.

Other program requirements are less well identified, often because the "program" crosses organizational boundaries. At EPA, there is an obvious need to develop an overall set of recordkeeping requirements for contract management, clearly laying out the recordkeeping responsibilities of the contracting officer, project officer, and work assignment manager/delivery order project officer. Such recordkeeping requirements would also address records maintained in the Integrated Contract Management System, and the processing centers in Cincinnati and Research Triangle Park, as well as distinguishing between documentation of the costs incurred and the evaluation of the work performed.

At the program level, recordkeeping requirements must identify four types of information at a high level:

- The basic records series that must be created and maintained by all organizations to document their activities.
- The programs or offices responsible for the record copies of those series.
- The relationships among the series, including the relationships of hard copy to electronic files, system input documents, legal and audit requirements, and similar questions.
- An overall retention strategy to ensure the documentation is retained long enough to meet programmatic, administrative, fiscal, legal, and historical needs.

To give a concrete example, following is a list of records series needed for a "documentation strategy" for Superfund.

Superfund Documentation Strategy

The following are among the principal types of records necessary for documenting the Superfund program:

- Administrative records
- Cost recovery records
- Site file records
- Contract, grant and interagency agreement records
- Records related to CERCLIS, and other electronic systems (data and documentation)
- Enforcement records

- Litigation support records
- Laboratory analytical records
- Research records in the Office of Research and Development
- Policies, directives, procedures, and guidance documents
- Publications developed in Superfund
- Program planning documents
- Oversight documents

Records falling under each of these types may be found in all Agency offices at Headquarters, in the Regions, and at EPA Laboratories. They will include paper, microform, electronic information systems, maps, geographic information systems, computer models, as well as paper files.

Series Specific Requirements

The third level of recordkeeping requirements identifies what records are to be included in the specific records series and how they are to be arranged. Series level recordkeeping requirements incorporate a number of pieces of information that were discussed in earlier steps such as:

- Location and custodians of the series
- Relationship to other records
- Retention and disposition
- File identification and arrangement

In addition, the series level recordkeeping requirements should address the following questions:

- What documents need to be included in the file?
- What documents can be safely discarded?
- How should the documents be arranged?
- Is it necessary to retain drafts?

- When and how should telephone calls, meetings, and electronic mail exchanges be documented for the record?

- For project case files, should there be a single series, or should the documentation be divided between an "official case file" of primary documentation and a "case working file" containing supporting information?

Case Working Files

As much as 70% of the program records in an office normally consist of "case files." Case files contain important documentation of program activities but often become voluminous. Frequently the problem is that although all the records in a case file relate to the same activity (issuing a permit for example) some of the documents (papers supporting the issuance of the permit or inspection reports) may not need the same retention as the permit itself.

One solution is to divide the documentation between the official case file and the case working file. The official case file consists of the essential documents concerning the action, normally those that are referenced most frequently, are needed for legal and administrative purposes, and which will have the longest retention. Other documents that support the official case file are maintained separately in a case working file. These records will normally have a shorter retention and may be stored off site because they are not used as frequently. It is important to note that case working files are records and cannot be destroyed without an approved records schedule.

Answers to these questions are best developed in work groups made up of program staff, administrative staff, program managers, and legal staff so that all documentation requirements are adequately addressed. In programs where active records are held by the program staff, it is necessary for all to agree to the recordkeeping requirements so that they are consistently implemented by everyone.

Step 5. Applying Technology to Records Management

People frequently turn to technology because they find they can't manage their paper records. Either they are swamped by too much paper on site, or they can't find the documents they need, or both. By itself, technology cannot fix a records management problem; technology applications need a lot of research and planning to be effective. The old saw is true: if you try to automate a records management mess, you will have an automated mess.

However, technology, even simple technology, can make a basically sound records management system operate better. Let's look briefly at a number of technological "fixes" and the types of problems they can help remedy.

Before You Cut the PR...

There are two steps to take before rushing out to buy any hardware or software. These steps are equally valid if you are looking to improve a cabinet of branch correspondence files or the management of millions of Superfund documents. The scale may be different, but the steps are the same.

First, take the time to:

- Study the current situation.
- Identify user needs and requirements.
- Diagnose the current problems.
- Analyze what could be done to meet the needs and correct the problems.
- Plan what a new system should accomplish.

Second, examine whether a simple change in how you currently do business can remedy the problem. In many cases, improving the manual system can either solve the problem or at least allow you to focus the technology application on improving specific aspects of the records system. Examples of "manual solutions" to records problems are provided below.

However, simple fixes don't always resolve the problem, and in many cases, such as the Superfund program, the sheer volume of records and the special problems they pose mandate the program go beyond a well run manual system to implement solutions.

Types of Technology Applications

There are several basic types of technology applications that can help you manage your records.

- Specialized filing equipment to improve the storage and retrieval of records
- Document conversion technology such as optical imaging and microform to reduce the volume of paper on site and allow more efficient workflow
- Document indexing software to allow for retrieval of documents in multiple ways
- Document tracking and control systems to enable you to track documents or folders from creation to final disposition

- Special purpose programs that allow you to automate specific aspects of records management such as records schedules or retiring records to a Federal records center (FRC)
- Software to allow for storage and retrieval of electronic documents
- Electronic forms programs to improve workflow and increase the usability of information contained on the forms

Matching Technology to Problems

Let's look at our two typical records management problems and see what types of solutions technology offers.

Too Much Paper!

Manual Solutions:

- Retire older records to the FRC.
- Destroy older records based on the records schedules.
- Separate nonrecord material from records.
- Separate working files from final documents.

Better Filing Equipment

If reducing paper volume can't solve the problem, something as simple as better filing equipment may help you to manage the volume better. People normally jump to the conclusion that they need compact (movable) shelving, but other options such as open shelving, lateral files and specialized folders, powered filing cabinets, and filing cabinets specifically designed to handled specialized media or oversized documents may allow you to fit more documents into existing space.

Media Conversion:

Conversion of the existing paper to microform or optical images allows you to maintain the largest volume of documents in the least space. However, conversion is expensive, and you need to be sure you've studied the records so that:

- You are only converting the documents you need, and
- You have an approach to indexing those documents that allows you to retrieve them efficiently.

Microfilm is a good medium to choose if you need to convert records which have a permanent retention. Many offices are successfully imaging documents. For example, the Superfund program is using the Superfund Document Management System (SDMS) to image site file and administrative record documents. Since the documents have been captured electronically, it is easy to move the images to a CD-ROM to fulfill requests from the public.

Both microfilm and imaging take considerable planning. The final caveat is that, generally, it is not cost effective to convert documents to digital images just for the purposes of storage. To justify the cost, the conversion needs to improve the way you process and manage those documents.

I Can't Find What I Need

The second major problem most records managers face is the inability to find the information they need when they need it. This can result from two basic causes:

- Not having sufficient information about the documents to locate them efficiently, or
- Not having sufficient security to ensure they will be where they are supposed to be when needed.

Manual Solutions:
Basic manual solutions include:

- Establishing a file plan and following it.
- Improving filing techniques.
- Cross referencing of documents.
- Improving physical security.
- Using charge out cards.

Document Indexing:
Document indexing is the easiest way to improve your ability to locate the records you need. For major records series such as premanufacturing notices or Superfund administrative records, indexes may run to 15 to 30 fields, or more. But, indexing need not be terribly complex to be useful. An index that includes addressee, date, file code, and subject would solve many records management problems and simplify filing.

Document Tracking and Control:
Everyone complains that documents or folders "disappear" from the files and can't be located. Control of documents throughout their lifecycle is first of all a matter of establishing procedures and enforcing them. Even the most sophisticated automated tracking system won't work if staff are free to remove documents from the file room at will. However, records management software and/or bar coding systems can provide an excellent means of tracking documents once procedures are in place.

Additional Technology Applications

In many cases, records managers need help in managing their own information.

- What records have been retired to the FRC?
- Where are those records scheduled?
- How can I make records management procedures available to everyone?

Technology can help solve these questions too.

Special Purpose Programs:
There are several areas where automation of one or more phases of the lifecycle can simplify records management tasks. For example several offices have developed an "automated SF 135" form to retire records to the Federal Records Centers.

Document Distribution:
Providing increased access to information is one place where technology offers a number of options. In looking at the dissemination of records schedules, for example, use of EPA's Internet site has dramatically cut the need for distribution by paper or diskette. Another useful technology for distribution is CD-ROM.

Workflow:
Workflow software is used to automate business processes where electronic information or documents can be passed from person to person for action. EPA is currently using the E-Forms system to process selected forms.

Imaging:
Paper documents are converted to digitized (computer readable) form. An imaging system allows for electronic capture, storage and retrieval of documents. The Superfund Document Management System (SDMS) used in all the EPA regions is one example of an imaging system.

Electronic document management:
An electronic document management system is software you can use to store and retrieve electronic documents. An "integrated" system may use one or more technologies such as imaging and workflow. The Immediate Office of the Office of Air and Radiation is in the process of doing a pilot project using an electronic document management system.

Records management application:
A records management application (RMA) is software which can manage records throughout their lifecycle. It can be used to categorize and locate records as well as dispose of the electronic records maintained in its repository when they are due to be destroyed according to an approved records schedule. EPA is in the process of determining requirements for an Agency-wide RMA.

Don't Reinvent the Wheel

Most of the technology applications discussed above are operational in one or more Agency offices. To find out more about where a specific applications is being used, contact the National Records Management Program.

Step 6. The Procedures Manual

Congratulations! You're almost there.

If you've followed along with the first five steps to better files, you should have seen a marked improvement in your program's files. Now is the time to crystallize all of your improvements in the form of a records management procedures manual. Creating the manual is not just a paperwork exercise. It provides the basis for a consistent program for records management that will become part of the regular ongoing office routine.

Manual Contents

The National Records Management Program has many examples of program manuals; they are all different, and they should be. The audience for the manual is program staff, so it must meet their needs and program culture. Therefore, the records manager must look first to his or her program in deciding what information to include and how to structure it. However, there are four elements common to most manuals:

- Background information on records management
- General procedures
- Information about specific records

- Reference materials

A sample table of contents for a Records Management Manual incorporating these topics is included here.

Sample Contents for a Program Specific Records Management Manual

I. Introduction

- Purpose of the Manual
- Purpose of Records Management
- Records Management Laws and Regulations
- Agency Records Management Policy
- Staff Responsibilities

II. Records Management Procedures in the Office

- Records Creation
  - When do you create records?
  - What must you do with the records you create?
- Records Maintenance and Use
  - Filing procedures
  - Records circulation and control
  - Information security
- Records Disposition
  - Records cleanup
  - Disposing of records
  - Retiring records to the Federal Records Center
- Special Media

        - Electronic records
        - Audiovisual records
    - Maps and Drawings

III. File Plan and Records Identification

- Overview of Major File Plan
- Listing of Major Records Series
    - Description of records
    - Recordkeeping requirements
    - Custodians
    - File plans
    - Disposition
    - Identification of nonrecord collections

IV. Appendices

- File Plan
- Sample Forms
- Glossary

Background Information

The manual should include at least a short introduction that reviews for staff:

- The purpose of the manual
- Goals of the records management program
- An overview of the basic regulations and policies
- Staff responsibilities

This section is meant to be short. The goal is to provide staff with the information they need to do their jobs, not to replicate all Federal and Agency records management policies. It simply provides context for the meat of the manual which comes in the following two sections. What's more, most of the contents can be gleaned from existing publications. See "Make It Easy on Yourself" at the end of this section.

Procedures

The second major area to be addressed is procedures for managing the records. The formats for presenting this information are endless. We've chosen to model it on the lifecycle of records. Records creation covers the definition of a record, the importance of creating the "right" records; and alerts staff to what they must do when they create records (e.g., make a copy of all outgoing correspondence for the unit file). The section might also cover topics such as types of records (program, administrative, case files, etc.), personal papers and working files, recordkeeping requirements, and other "theoretical" issues you feel are important or meaningful to the staff.

The section on maintenance and use should discuss general filing procedures. Examples include:

- File cut-off procedures
- Who is responsible for adding document filing information
- Where records are to be put for filing

Circulation and control procedures (e.g., always use charge cards if you remove anything from the files) are a must and should be included, as should any program specific procedures for handling sensitive information.

The third component of the procedures section concerns records disposition and should provide detailed guidance on how staff should go about disposing of records, including information on what they can destroy, how to retire records to a Federal records center, cleanup days, and similar issues.

Finally, include information on managing electronic records and other special media such as audiovisual and cartographic items if the office creates such records. This may be woven into the regular discussion or handled separately. Information on managing such records is available from the National Archives and Records Administration (NARA) guides.

Records

The third major section of the Manual should provide staff with all the information they need to manage the specific records created in their program. Following a general discussion of the

program's file plan, we recommend a series by series discussion of the records found in the program.

If there is a separate entry for each series, with all of the information necessary to manage those records in one place, staff can easily find and use the information that pertains to the records they create without having to comb the entire manual.

For each series, provide a description of the records, the recordkeeping requirements, arrangement, the location of the records and the custodians, and filing and disposition information. Some programs include additional information such as sample file labels for each series. Most of this information should be available from your records inventory and the records schedules. Be sure to include information about no-records so staffs are clear about what to do with such collections.

Appendices

Finally, provide copies of documents that the staff may need for reference. The ones most often included are the program file plan, copies of forms such as a SF 135 or a charge out card, laws and regulations, and a glossary of terms.