

# Setting the Record Straight for Good Governance

**By Sandra Ennor**

**Records Solutions** (A business of Kramenna Pty Ltd ATF the Kramenna Trust)

**Bang, crash, boom!** It's almost possible to hear the sound of crashing corporations, collapsing from a state of poor corporate governance and a severe lack of recordkeeping. In a litigious society it is difficult to ignore good corporate governance. The effects of Australian disasters such as HIH and One.Tel (not to mention the corporate collapses worldwide) ripple through the community to the point where innumerable measures need to be taken to deter significant corporate disasters from happening again. So what does it mean for local government in Australia?

The Chair of the Good Governance Advisory Group, John Warburton, in his forward of the Good Governance Guide 2004, poses the argument that the challenge of achieving effective and accountable governance may be far greater for local government than private sector business. Mr Warburton states, "Local governments are democratically elected. They are not only responsible for the management of complex organisations which provide many diverse services, but must also represent and advocate on behalf of the wide-ranging interests that make up modern communities today."<sup>1</sup>

Governance is defined as the process of decision making, and the process by which decisions are implemented, or not implemented<sup>2</sup>. Good corporate governance is therefore a combination of elements referring to the processes by which organisations are directed, controlled and held to account<sup>3</sup>. This definition involves transparent and responsive business practices and decisions, in addition to practices that are effective, efficient, equitable and of course, law abiding.

Unlike corporate entities, there are no shareholders or (direct) investments at stake in local government, but good corporate governance is no lesser an issue. As the tier of government closest to and representing the immediate interests and needs of the people, it is often the case that its decisions come under the most stringent of public scrutiny. When this fact is combined with the public's ability to access government records via mechanisms such as Freedom of Information legislation, it becomes obvious that local government must have effective methods in place to ensure an accurate record of its decision making processes can be recorded, stored and retrieved when necessary. .

Effective recordkeeping is therefore an essential element of good corporate governance and without it, government agencies, including local government, will fall short of providing accountable evidence of business activity. As local governments in Australia are governed primarily by their respective Local Government Act and all are legally compelled to meet the requirements of their respective State Record Acts, it may be fair to say that most municipalities have some form of records management program in place. The question is, "Do council's realise how important their recordkeeping strategy is for providing evidence of business activity and upholding accountability?"

The answer in at least some instances is probably "no" and some may not even be aware of the need for a recordkeeping strategy in the first place. This is a major compliance and risk management issue, both of which are underlying values of good corporate governance. In publishing the results of the 2001 Local Government Records Management Survey<sup>4</sup>, the State Records Office of New South Wales reported that only 54.9% of respondents (90 councils) answered "Yes" to having an identifiable records management program. 15.2% of respondents (25 councils) did not have a program and 29.9% of respondents (49 councils) were preparing a program. The underlying truth of these results is that almost half of the councils surveyed were in breach of compliance with the NSW Standard on Records Management Programs.

## Resources for Good Governance

A number of valuable resources now exist for local governments who are preparing or considering the implementation of a records management program within the framework of good governance:

- Good Governance Advisory Group, Good Governance Guide 2004 - The Principles of Good Governance Within Local Government
- Australian Standards series on Good Governance:
  - AS 8000 – 2003 Good Governance Principles
  - AS 8001 – 2003 Fraud & Corruption Control
  - AS 8002 – 2003 Organisational Codes of Conduct
  - AS 8003 – 2003 Corporate Social Responsibility
  - AS 8004 – 2003 Whistleblower Protection Programs for Entities

And within the framework of compliance and records management:

- Australian Standards International series on Records Management:
  - AS ISO 15489 Records Management
  - AS ISO 15489.1 Part 1: General
  - AS ISO 15489.2 Guidelines
- Australian Standard AS 3806 Compliance Programs
- Australian Standard AS/NZS 4360 Risk Management
- State or Territory Records Acts
- Local Government Acts

The above resources form critical guidelines for organisations to apply good governance principles. The Australian Standard on Good Governance Principles (AS 8000-2003) specifically states that recordkeeping is an operational element for developing and implementing a system for achieving good governance.

## Building a Good Foundation

The National Archives of Australia (NAA) states that a recordkeeping policy is an essential tool for good corporate governance. It demonstrates an agency's commitment to effective recordkeeping practices, outlines any regulatory requirements that affect its recordkeeping processes, and defines the recordkeeping responsibilities of everyone within the organisation.<sup>5</sup>

Good policy is by far the first step to ensuring recordkeeping requirements are met and duly recognised. Effective systems are also crucial to allowing councillor's the flexibility to concentrate on strategy, rather than day-to-day issues.

Executive level support for effective recordkeeping can also affect the success or failure of good governance within local government. Resourcing (physical and financial) and commitment to a records management program is one of the first steps to realising an open and transparent government. Ethical principles such as accountability and transparency are the direct result of a coherent and secure records management regime.

It is vital that councils understand the importance of recordkeeping from the simple concept of what constitutes a record, to the complex nature of the physical filing registries and the electronic systems of today. Recordkeeping should be a mandatory element of every organisation and the responsibility of all employees, but in order to be really effective, it should form part of standard daily process and not be a burden on the organisation or individual employees.

Sound records management programs not only provide organisations with a high level of corporate security, they assist in the more practical requirements such as correct record storage, accurate dissemination of information, efficient retrieval of information, formalised standards and procedures, appropriate retention and disposal strategies in addition to ensuring legislative and regulatory compliance.

There is no single 100% fool proof method to ensure good corporate governance, but having an effective records management program in place ensures councils are generally better equipped to uphold accountability and be transparent to the community.

Local governments can learn from the mistakes made obvious by cases such as the collapse of HIH. In a report for the HIH Royal Commission entitled “The Failure of HIH Insurance”, The Hon Justice Owen - Commissioner, admits to feeling less comfortable with the phrase corporate governance, considering it meaningless if organisations simply adhere to it with a “tick box” mentality. What is necessary is periodic assessment of corporate governance practices to ensure they are, and continue to be, suited to the changing environment in which the company operates.

In support of effective recordkeeping, the Commission's report highlights words such as reliability, accuracy and integrity of information sources, all of which are principles of a secure and viable records management program. The lack of reliable information meant that those who directed and managed the company's affairs were often flying blind.<sup>6</sup> Accurate information systems are a vital part of a viable business. For local government, this remains true and even stronger as it faces the community every single day.



Sandra Ennor is a Records & Document Management Consultant / Trainer with Records Solutions.

Having worked mainly in the sectors of education and local government, she has experienced first hand the strengths & weaknesses of Local Government recordkeeping and has had hands-on experience in mail room functions, document capture techniques, policy and procedure development, EDRMS configuration, electronic document management, training, mentoring, archiving, web design and even marketing and promotions.

In addition to her broad records/document management expertise Sandra holds significant academic qualifications including a Bachelor of Information Management and Cert. IV in Assessment & Workplace Training.

To contact Sandra or Records Solutions visit the website at: [www.rs.net.au](http://www.rs.net.au) or phone (03) 9747 3077

#### Endnotes

1. Good Governance Guide 2004 – The Principles of Good Governance within Local Government, Produced by the Good Governance Advisory Group, p. 2
2. Good Governance Guide 2004 – The Principles of Good Governance within Local Government, Produced by the Good Governance Advisory Group, p. 6
3. Australian Standard, Good Governance Principles, AS 8000-2003, p. 8
4. NSW State Records – Report on 2001 Local Government Survey:  
[http://www.records.nsw.gov.au/publicsector/rk/survey reports/2001\\_lgovt\\_browse/toc.htm](http://www.records.nsw.gov.au/publicsector/rk/survey%20reports/2001_lgovt_browse/toc.htm)
5. National Archives of Australia – Recordkeeping – Overview – Recordkeeping Policy:  
<http://www.naa.gov.au/recordkeeping/overview/summary.html>
6. The Hon Justice Owen, The Failure of HIH Insurance - Volume 1 - A corporate collapse and its lessons, April 2003:  
[http://www.hihroyalcom.gov.au/finalreport/Front%20Matter,%20critical%20assessment%20and%20summary.HTML#\\_Toc37086537](http://www.hihroyalcom.gov.au/finalreport/Front%20Matter,%20critical%20assessment%20and%20summary.HTML#_Toc37086537)