

Benefits to Good Record/Information Management

Businesses revolve around documents—correspondence, contracts, charts, memos, orders, reports and much more—that record what organisations do. Many of these records are kept on paper and keeping it organized is essential to ensuring your business stays on track.

Understanding Records

Records can be defined as recorded information regardless of form or medium created, received and maintained by institutions or individuals in the pursuance of their functions, legal obligations or in the transactions of their business. Quite simply, records provide the evidence of events and transactions. A transaction is an economic event or contractual relationship that leads to a financial exchange. A transaction is not necessarily a physical activity. Any event that has financial implications calls for the creation of a record.

Records are primarily used to provide evidence that an event or transaction occurred. However, records are also used as references to support decision-making and document compliance when analyzing risk. To be authentic, reliable and available to users, records must be complete, authorized and accurate. They must also comply with the laws and regulations governing record keeping. In addition, the system(s) in which they are maintained must be secure and implemented consistently. Finally records may be created on any physical form or medium, such as paper records and computerized records. The format in which a record is captured, maintained and accepted as evidence is determined by a country's laws and regulations.

Records Retention

What to keep, where to keep it and for how long are the factors that determine whether information is available when you need it. Having the right documents in the right place at the right time also helps you control costs and reduce issues with lost information.

The impact that proper records management has on your business can't be exaggerated. In most businesses, storing records is a major commitment of both space and time. It's a good practice to manage both well.

Benefits

Everyone in business must keep records, especially those that will come in handy when it's time to think about taxes on the business. Good records management will help you do the following:

- **Monitor the progress of your business**
You need good records to monitor the progress of your business. Records can show whether your business is improving, which items are selling, or what changes you need to make. Good records can increase the likelihood of business success.
- **Prepare your financial statements**
You need good records to prepare accurate financial statements. These include income (profit and loss) statements and balance sheets. These statements can help you in

dealing with your bank or creditors and help you manage your business. Remember, an income statement shows the income and expenses of the business for a given period of time. A balance sheet shows the assets, liabilities, and your equity in the business on a given date.

- **Identify the source of receipts**

You will receive money or property from many sources. Your records can identify the source of your receipts. You need this information to separate business from non-business receipts and taxable from nontaxable income.

- **Keep track of deductible expenses**

You may forget expenses when you prepare your tax return unless you record them when they occur.

- **Prepare your tax returns**

You need good records to prepare your tax returns. These records must support the income, expenses, and credits you report. Generally, these are the same records you use to monitor your business and prepare your financial statements.

- **Support items reported on tax returns.** You must keep your business records available at all times for inspection by the Internal Revenue Service (IRS). If the IRS examines any of your tax returns, you may be asked to explain the items reported. A complete set of records will speed up the examination.

Finally, good records/information management can also help your organisation; perform daily business transactions more efficiently, waste less employee time with faster record retrieval, protect against accidental or premature record destruction, prevent costly paper accumulation with systematic record disposal, secure vital records and information in case of business disruption or disaster (fire, flood, theft, etc), reclaim office space used for inefficient storage, access other documents that demonstrate regulatory and legislative compliance, build confidence and pride from knowing you've done an important job well, and eventually help you earn customers trust and confidence for managing and securing their records and information properly.

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