

Report to the World Bank Information for Development Program

**From Accounting to Accountability:
Managing Financial Records as a Strategic Resource**

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Final Report



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CONTENTS

Executive Summary	1
Introduction	2
Purpose and Objectives of the Project	4
Project Conclusions and Outcomes	5
Lessons Learned	8
Conclusions	9
Dissemination	10
Financial Report	12
Appendix A: Reference Model Press Release	
Appendix B: Final Approved Budget	
Appendix C: Summary of Actual Expenditure	

EXECUTIVE SUMMARY

Public sector accountability, particularly financial accountability, is a high priority on the bilateral and multilateral donors' aid agenda. Aid agencies are only just beginning to recognise the need to strengthen records management systems as part of wider institutional capacity building and policy reforms. The purpose of this project was to meet this need.

This report reflects the lessons learned as a result of the research undertaken by the International Records Management Trust, Rights and Records Institute between June 1999 and March 2001. The preparatory work and writing was carried out in the United Kingdom and the fieldwork carried out in Zimbabwe (July-August 1999), Namibia (February-March 2000 and September-October 2000), and Tanzania (July 2000).

The aim of the research was to provide a means of improving government financial accountability by strengthening accounting records systems. Project outputs include: a reference model to integrate records management into accounting system reform projects and case studies from Namibia, Tanzania and Zimbabwe on the relationship between accounting records and financial management accountability.

The research focused on those records that relate to the accounting and auditing functions of public sector financial management systems and took account of both the computerised and paper records of accounting transactions as well as relevant administrative, operational and policy records.

The project demonstrated that it is possible to develop a reference model that can be usefully applied in different countries. Much of the theoretical work that is available on the management of electronic records was found to be either impractical or irrelevant. Instead, a much more promising approach was to focus on clear, plain language statements of user requirements that would directly add value. The end users – government accountants and auditors – need to see clear benefits if they are to support strengthening records management controls.

The research findings showed that it would be very difficult to develop prescriptive good practice statements that would be applicable in every circumstance. Consequently, it was decided to take a 'best fit' rather than a one-size-fits-all approach to good practice that allows the assessor to take into account local context and circumstance. Thus the assessment tools developed as part of the project place emphasis on professional expertise and the need to gather information about the regulatory environment, administrative structures and reporting lines, infrastructure, human resource constraints and financial position in the country before arriving at a judgement. Another important finding was the need for better communication between records managers and accountants, auditors and information technologists.

A key finding of the research was that the long term failure to implement programmes for managing paper financial records can lead to chaotic systems and have a measurable impact on the ability to audit. The financial cost of chaotic record systems can be demonstrated and quantified.

The case studies demonstrated that it was possible to use Auditor General's reports to quantify the impact of badly managed financial records. For example, the Auditor General of Tanzania reported for FY 1998 that 1.05% of the actual Supply and Development expenditure

was unvouched and 7.79% inadequately vouched. In contrast for the same year, in Namibia, the Auditor General reported only 0.44% of the total actual expenditure of central government involved cases where poor record keeping or records management were a matter of concern. This contrast was reflected in the quality of record management; in Tanzania there were serious problems with chaotic record systems whereas the situation in Namibia was significantly better.

The project used Soft Systems Methodology (SSM) pioneered by Professor Peter Checkland at Lancaster University, UK to develop control requirements for managing financial records. Testing in the field demonstrated that the records control requirements can be easily understood by IT personnel.

The Reference Model has been distributed in both hard copy and electronically over the Internet on the World Bank infoDEV website (<http://www.infodev.org>) and on the IRMT web site (<http://www.irmt.org>). Details are provided. The Case Studies will be printed and distributed to the Accountants General, Auditors General and National Archivists of the Governments of Namibia, Tanzania and Zimbabwe for comment and after approval by the relevant authorities will be distributed in hard copy and via the Internet. The results of the research have been published in a number of articles and presentations and will be used for training purposes. For example, the Reference Model will be discussed in a seminar on electronic records management at the University of Koblenz held for students from Central and Eastern Europe in the Summer 2001.

The International Records Management Trust was awarded a total of US\$245,748 by the World Bank Information for Development (*infoDEV*) program. The UK Department for International Development (DfID) provided additional funding totalling US\$29,057.¹ A report on the grant provided by *infoDEV* is provided.

INTRODUCTION

Background

Many countries around the world are in the process of strengthening their democratic institutions. More generally, public disquiet and awareness of widespread corruption on virtually every continent has focused attention on the need for institution building, especially the need for greater financial accountability.

Public sector accountability, particularly financial accountability, is also a high priority on the bilateral and multilateral donors' aid agenda. Donor agencies are de facto stakeholders in financial management reforms through the provision of funding in the form of grants or loans for many public sector projects. However, aid agencies are only just beginning to recognise the need to strengthen records management systems as part of wider institutional capacity building and policy reforms. This is partly because, hitherto, there has not been a readily accessible reference model for development specialists and government financial managers that specifies how record keeping systems should be designed and implemented to support

¹ UK DfID funding provided for an initial scoping study to define the issues for managing financial records. Fieldwork was carried out in The Gambia. The report of this study is available on the IRMT web site: <http://www.irmt.org/research/escorhome.html>

financial management systems. Nor have there been tools for assessing how well existing arrangements and systems are performing. The purpose of this project was to fill this gap.

This report covers the main conclusions and lessons learned from the project. It also includes a financial report. Kimberly Barata, Piers Cain and Dawn Routledge, with contributions from Ray Bennett and Mary Serumaga, carried out the research from July 1999 - March 2001.

Responsibility

Although the World Bank Information for Development (*infoDEV*) Program funded this study, it bears no responsibility for, and is not in any way committed to, the views and recommendations expressed herein.

Acknowledgements

This report reflects the lessons learned as a result of the research undertaken by the International Records Management Trust, Rights and Records Institute between June 1999 and March 2001. The preparatory work and writing was carried out in the United Kingdom and the fieldwork carried out in Zimbabwe (July-August 1999), Namibia (February-March 2000 and September-October 2000), and Tanzania (July 2000).

The support and courtesy extended by the officials of the Governments of Namibia, Tanzania and Zimbabwe and their willingness to explore a wide range of complex issues made the field research productive and enjoyable.

In Namibia we should particularly like to thank the following individuals for their kind assistance with our initial research and for information and advice offered throughout the study: Mrs Anna Hange, Director Treasury, Mr P K Ndaitwa, Accountant General; Dr F Tjingaete, Auditor-General; Mr G Kabozu, Director, Customs and Excise; Ms A C Nakale, Commissioner of Inland Revenue; Ms Ellen Namhila, Director, National Library and Mr J Kutzner, Chief, National Archives. Mr D J de Greef, Chief Accountant, General Ledger, ably facilitated our visits. His support enabled the team to bring both the field study and the assessment to a successful conclusion.

In Tanzania we are indebted to Mr Thomas M Kiama (Controller and Auditor General), Mr Ally Mwinyimvua (Accountant General), Mr Joel J K Mwanza (Assistant Accountant General), Mr Jingu (Assistant Accountant General) and Mr Peter Mlyansi (Director of the Records and Archives Management Division, Civil Service Department) for their kind assistance with our initial research, and for information and advice offered throughout the study.

In Zimbabwe, our thanks are due to: Mr J Gutu, Accountant General; Mr A E Harid, Comptroller and Auditor General; Mr P Mashingaidze, Deputy Accountant General; Mrs J Mukamba, Deputy Auditor General; Mr S A Mzondo, Deputy Auditor General; Mrs D Sibanda, Acting Deputy Director, National Archives; Mrs Vingirai, Director of Audit; and Mr S T Mutsau, Director of Audit. Special appreciation is extended to Mr F Maunze, Head of Records Management at the National Archives, who participated in all interviews and Mrs Chinyemba, Assistant Chief Accountant (Internal Audit), Accountant General's Office.

Their guidance and support enabled the team to bring the field study to a successful conclusion.

We would also like to thank the project Steering Committee for their advice throughout the project: Mr Ray Bennett, Mr Peter Dean, Ms Elizabeth Kariuki, Dr Michael Parry and Mr James P Wesberry, Jr. We would also like to thank Mr Mike Haynes of Creative Strategies and Systems (CSSM) for his work on developing the activity models for the Records Control Requirements: Computerised Systems using Soft Systems Methodology.

Finally, we would also like to thank the project's task manager, Mr Clive Smith of the World Bank Archives for his guidance and support and Ms Jacqueline Dubow, also of the World Bank for ensuring our connection with the Information for Development (*infoDEV*) Program worked smoothly.

PURPOSE AND OBJECTIVES OF THE PROJECT

Governments in sub-Saharan Africa are investing heavily in introducing new financial management systems as a means of improving accountability and managerial efficiency. Often this involves computerising and integrating financial management functions from budgeting through to audit. However many efforts to strengthen financial controls fail. Administrators, donors, and other stakeholders need to know why this is the case and how they can improve the success rates of the projects.

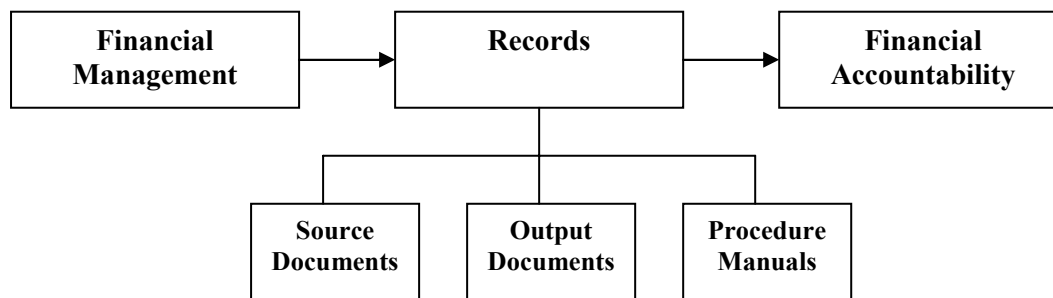
In sub-Saharan Africa, and elsewhere, it is common to find financial records in a chaotic state and this is undermining the ability to audit accounts efficiently and to provide evidence to detect and prosecute fraud. Typically chaotic financial records are seen as a symptom of poor management in the accounting cadre. It is often believed that computerising the financial management workflow will solve any records control issues. However, there are other records management issues to consider.

This project examined the proposition that chaotic financial records are more likely to reflect a failure to set up adequate records management systems and to train staff to use these systems properly and consistently. It attempted to show that chaotic records are not a symptom of poor financial management, but rather contribute to the cause of it.

The research focused on those records that relate to the accounting and auditing functions of these systems and took account of both the computerised and paper records of accounting transactions as well as relevant administrative, operational and policy records. It defined an accounting system as a system that records actual revenues and expenditures; it comprises the series of tasks and records of an organisation by which transactions are processed as a means of maintaining financial information to provide an accurate account of government expenditure.

Because accounting records exist in a mixed media environment, strong controls are required to protect them against unauthorised access, alteration, copying and destruction - 'the most common and easiest method of fraud is to suppress or falsify transaction data before their

introduction into a computer.² Identifying key input, output and control documents to support public sector accounting also formed a critical component of this project.



Records are the link between accounting and accountability

The aim of the research was to provide a means of improving government financial accountability by strengthening accounting records systems. Project outputs include: a reference model to integrate records management into accounting system reform projects and case studies from Namibia, Tanzania and Zimbabwe on the relationship between accounting records and financial management accountability. The reference model establishes good practices for managing accounting records and provides tools to review the effectiveness of record keeping systems and the capacity for records management programmes to carry out their mandate. The model does not aim to provide a one-size-fits-all notion of 'good practice', but to develop and apply analytical tools to emphasise 'good fit' based on a thorough understanding of what exists on the ground and the needs of system users.

PROJECT CONCLUSIONS AND OUTCOMES

Originally, it was planned that the outputs of the project would include case studies in two different countries in sub-Saharan Africa, plus a reference model with associated assessment tools. The case studies would be used provide a 'reality check' and provide the means to test the reference model and tools in a real life environment at both central and local government levels.

The two countries selected for the case studies were Zimbabwe and Namibia. Zimbabwe was in the planning stages of moving from a traditional centrally run mainframe system with a very large paper-based component, to an integrated financial management system using a client-server architecture. In contrast, Namibia has been cited as a successful example of an implemented bespoke integrated financial management system on a server environment. Namibia is considering moving to a commercial system, but no decision has been taken.

Unfortunately, owing to the political and economic crisis in Zimbabwe, it was not possible to carry out a second visit and thus the case study is less complete that it might have been. Still, the lessons learned were valuable and we are grateful for the assistance of all the government officials for contributing to the project. The Government of Tanzania stepped in at short notice, which made possible a study of the partial implementation of an integrated financial

² Michael J Comer. *Corporate Fraud*. Third Edition. (Aldershot, UK: Gower Publishing Ltd: 1998): 214

management system for central government based on a customised version of Platinum SQL. The project is in the second year of the implementation phase. The general level of economic prosperity in Tanzania is somewhat lower than in the other two countries. Thus a third case study from Tanzania provides useful lessons of the implementation problems in a medium sized country with severe resource constraints.

The project demonstrated that it is possible to develop a reference model that can be usefully applied in different countries. Key questions that emerged during the course of the project included:

- Was it possible to develop a reference model that encapsulated good records management practices in a way that supported financial management objectives?
- Would the latest theoretical work on the management of electronic records developed in industrialised countries (primarily USA, Canada and Australia) be relevant outside that particular environment?
- How can generic professional standards developed in a resource-rich environment be reconciled with the limited resources and competing priorities of developing countries?
- Would it be possible to articulate how records management could contribute the broader objectives of more accountable government and contribute to the work of other disciplines of accounting and auditing?
- Would it be possible to develop user requirements that met the needs of accountants and auditors, but were also comprehensible to the information technologists that actually develop the systems?
- Would it be possible to develop tools that would enable a thorough and objective assessment to be made which would enable the development of effective and sustainable solutions?

In the end, considerable progress was made in answering these questions. We found that the approach used by accountants and auditors for ensuring reliable, high quality financial information were sympathetic to, and sometimes reinforced, records management techniques. For example, the accountants' concept of the 'control environment' complements the archivists' principle of 'continuous custody'. Similarly, the principle, enshrined in accounting practice that responsibility for the smooth running of the accounting system should be entirely separate from the audit function could be usefully given greater prominence by archivists and records managers for ensuring compliance with records management regulations.

Interestingly, much of the theoretical work on the management of electronic records was found to be either impractical or irrelevant. Too often the theoretical approach was designed to make life easier for archivists, but provided few tangible benefits to the creators and users of financial management systems. For example, the theoretical emphasis on 'metadata' did not prove to be particularly useful. Instead, a much more promising approach was to focus on clear, plain language statements of user requirements that would directly add value. The end users – government accountants and auditors – need to see clear benefits if they are to support strengthening records management controls.

It was found that many of the techniques developed by management consultants for other purposes could be adapted to develop assessment tools. This point might seem obvious, but this project would appear to be the first attempt to apply these techniques in such a systematic way.

The research findings showed that it would be very difficult to develop prescriptive good practice statements that would be applicable in every circumstance. This is partly because public sector accounting is perhaps less standardised than private sector accounting with each governmental system having its own unique history and administrative traditions, and partly because the economic constraints in developing countries is a reality that cannot be ignored. What is appropriate and works well in Canada may be wholly inappropriate in sub-Saharan Africa, for example. Consequently, it was decided to take a 'best fit' rather than a one-size-fits-all approach to good practice that allows the assessor to take into account local context and circumstance. Thus the assessment tools developed as part of the project place emphasis on professional expertise and the need to gather information about the regulatory environment, administrative structures and reporting lines, infrastructure, human resource constraints and financial position in the country before arriving at a judgement. Consequently, a qualified records manager should carry out assessments, ideally in partnership with a qualified accountant. The accountant will be useful to ensure that technical aspects of accounting systems are not misunderstood and to ensure that a sense of proportion is maintained on the impact of record management failures on financial management.

Another important finding was the need for better communication between records managers and accountants, auditors and information technologists. Accountants, auditors and information technologists have clearly delineated and understood roles in the development and operation of financial management systems. The need for well-kept records was well understood by all stakeholders. However, the role of the records manager and the contribution he could make to the efficient operation of financial management systems was not well appreciated. The reference model is a contribution to solving the problem by situating records management in the wider context of financial management.

In relation to this point, one unexpected finding was that it was possible to use Auditor General's reports to quantify the impact of badly managed financial records. In particular, information such as the proportion of unvouched or improperly vouched expenditure compared to the total expenditure proved to be quite a useful indicator of the existence of badly managed paper records as well as a measure of the impact. For example if the report relates the amount of unvouched expenditure to a particular line item in the accounts, it is possible to investigate the causes of the problem and target an intervention quite precisely. Where the information exists, the results can be striking. For instance, in the Auditor General's report for Tanzania for FY 1998 US\$6.85m expenditure was unvouched and a further US\$50.64 was inadequately vouched. This represents 1.05% and 7.79% of the actual Supply and Development expenditure respectively. In contrast, in Namibia, the Auditor General identified 73 instances where poor record keeping or records management were a matter of concern in the financial year ending 1998. This represents 0.44% of the total actual expenditure of central government. The sharp contrast between the Auditor General's reports in the two countries was matched by the situation on the ground. A physical survey of the way financial records are kept and managed in Tanzania revealed serious problems with chaotic record systems whereas the situation in Namibia was significantly better. In short,

Auditor General's reports have a useful role in identifying and quantifying serious records management problems. It should be noted that this information is unlikely to be available in every country because of local variations in the nature of Auditor General's published reports.

The project used Soft Systems Methodology (SSM) pioneered by Professor Peter Checkland at Lancaster University, UK to develop control requirements for managing financial records. The advantage of the methodology is it was developed to use purposeful human activity to learn about and bring clarity to problem situation. It is capable of dealing with complex strategic and information issues in large private and public sector organisations and it can accommodate multiple perspectives, which is essential given the variety of stakeholders and professions that need to communicate with each other. The resulting diagrams and statements were found to be readily understandable and useful by accountants, auditors and information technologists. The methodology used readily lends itself to if/then statements that can be used by IT systems designers. Testing in the field demonstrated that the records control requirements can be easily understood by IT personnel.

LESSONS LEARNED

Overall this project has been successful in achieving its objectives. In addition to the points outlined above, the following lessons were learned:

- The long term failure to implement programmes for managing paper financial records can lead to chaotic systems and have a measurable impact on the ability to audit. The financial cost of chaotic record systems can be demonstrated and quantified.
- Very few electronic financial records are needed for long term or historical purposes. However, this is likely to change as integrated financial management systems develop in scope and complexity, for example systems for debt management, customs, personnel/payroll, inland revenue all can generate electronic records that are needed for much longer periods than traditional accounting records. Some examples of these were found in Namibia. Unfortunately, there appeared to be no institutional capacity in the countries visited to manage electronic archives. To a large extent this reflects competing priorities and limited resources, but perhaps also a lack of awareness that the spread of electronic government it will make it necessary to emulate the electronic records management and archives programmes developed in the United States, United Kingdom, Australia and elsewhere.

- Simple user requirements are needed that make sense to all concerned and not just to records professionals. The real users are accountants and auditors, who communicate in plain language.
- A multidisciplinary approach is essential and need not be limited to the design system stage. Instead, collaboration at the level of professional principle can be more productive and avoids turf wars when implementation actually starts.
- The approach to managing computerised records developed in this project may well be applicable to other functional areas eg land titles where there are long-term preservation issues.

CONCLUSIONS

Records management programmes differ considerably in scope and complexity. It would be difficult to find two identical programmes, even among organisations of similar size and purpose. Records programmes are as varied in structure and size as the organisations they serve. However, well functioning records management programmes depend on:

- a well-established tradition of good record keeping
- a centralised competence for records management programmes
- the support from senior management for record keeping issues
- competent and well-trained personnel.

The lessons outlined above and others have formed the basis of and are elaborated on in the Reference Model. The Reference Model defines good practice for the management of financial records and provides tools to evaluate and monitor the performance of record keeping systems. It focuses on the transaction records that are used by and produced as a result of financial management functions, in particular the accounting function. Normally, these are required for audit purposes. Relevant administrative, operational and policy records are also taken into account, including tenders, contracts, accounting directives, loan agreements and so on.

The scope of the Reference Model extends from the national programme level to the individual records management systems employed within line ministries and local authorities to control financial records.

The Reference Model is intended primarily for use by government financial managers, records managers and development advisers wishing to design new financial management systems or by those wishing to evaluate whether existing arrangements for managing financial records are adequate. The tools take into account the control environment, capacity and sustainability of existing arrangements. This will enable governments to identify areas of weakness that require improvement and plan interventions. It is expected that the assessments would be carried out by of a professional records manager and a qualified accountant working in partnership.

The Reference Model was developed to evaluate and strengthen financial record systems in countries that, broadly speaking, are included in the British tradition of administrative practice. In countries that follow another administrative tradition, there may be differences in practice but not in general principle. The reference model does take into account international good practice in the fields of accounting and records management.³

DISSEMINATION

One hundred and ten copies of the Reference Model have been printed and will be disseminated according to a distribution plan, which includes print copies being sent to: The World Bank, International Organisation of Supreme Audit Institutions (INTOSAI) Committee on Accounting Standards, the Committee on EDP Auditing, the Southern African Development Community (SADCOSAI) Branch and the African Regional Branch (AFROSAI); International Federation of Accountants (IFAC) Public Sector Committee; International Council on Archives (ICA) Committee on Current Records in an Electronic Environment, the Eastern and Southern African Association of Accountants General (ESAAG); Association of Records Managers and Administrators (ARMA) International; Commonwealth Association of Public Administrators and Managers (CAPAM); United Nations Development Programme's Programme on Accountability and Transparency (UNDP PACT) Management Development and Governance Division (MDGD); Institute on Governance, the Chartered Institute of Public Finance and Accountancy (CIPFA); the Eastern Central and Southern African Federation of Accountants (ECSAFA); and the United Nations Conference on Trade and Development (UNCTAD) Automated SYstems for CUstoms Data (ASYCUDA) program.

Electronic copies will also be available on the World Bank *infoDEV* website (<http://www.infodev.org>) and on the IRMT web site (<http://www.irmt.org>). In addition, the International Federation of Accountants (IFAC) Public Sector Committee has, on their request, received an electronic copy to distribute to all their members. In the first two days that the Reference Model was made available on the IRMT website 111 copies were downloaded. A press release announcing its availability has been since been distributed using the IRMT's press release list (see Appendix A).

The Case Studies will be printed and distributed to the Accountants General, Auditors General and National Archivists of the Governments of Namibia, Tanzania and Zimbabwe for comment. Once approved they will be made available in electronic form on the World Bank *infoDEV*'s web site (<http://www.infodev.org>) and on the IRMT web site (<http://www.irmt.org>).

The reference model will be presented to the World Bank's Regional Financial Training Week 2-6 April in Nairobi by the Personal Assistant to the Auditor General of Tanzania.

³ Judith Ellis, ed. *Keeping Archives*. Second Edition (Port Melbourne, Australia: D W Thorpe in association with the Australian Society of Archivists Inc., 1993); Judith Fortson. *Disaster Planning and Recovery: A How-To-Do-It-Manual for Librarians and Archivists*. Number 21 (New York: Neal-Schuman Publishers, Inc., 1992); Ira A Penn, Gail Pennix, and Jim Coulson. *Records Management Handbook*. Second Edition. (Hampshire, England: Gower Publishing Limited, 1994); Mary F Robek, Gerald F Brown and Wolmer O Maedke. *Information and Records Management*. Third Edition (Lake Forest, IL: Glencoe, Macmillan/McGraw-Hill, 1987); Solinet Preservation Services Leaflet Series.

Bodies unconnected with IRMT are already taking up the reference model. It will be used for teaching in a seminar on electronic records management in a summer school programme at the University of Koblenz. The students who attend this programme come from Central and Eastern Europe, mainly Ukraine. It is part of the German government's efforts to strengthen democratic institutions in former communist countries.

One Advisory Committee Member requested additional print copies be sent to him and that an electronic copy be made available both for distribution at a conference sponsored by the Americas Accountability/Anticorruption (AAA) Project.

There is great potential for further development of the Reference Model and Assessment Tools. This should be pursued as circumstances allow.

Publications and Presentations:

The following publications and presentations have been made that refer specifically or include reference to the 'From Accounting to Accountability' project:

Publications

Cain, Piers, Kimberly Barata, Alan Doig, Rachel Flannery. 'Filing for Corruption.' *Journal of Crime, Law and Social Change -- Corruption and Reform Special Issue*. (forthcoming Spring 2001).

Barata, Kimberly and Piers Cain. 'Information, Not Technology, is Essential to Accountability: Electronic Records and Public Sector Financial Management.' *Information Society* (forthcoming Spring 2001).

Routledge, Dawn. 'Integrating Records Management in Financial Management Reforms' *Association of Commonwealth Archivists and Records Managers (ACARM) Newsletter 27* (March 2001): 27-29.

Barata, Kimberly, Piers Cain and Anne Thurston. 'Constructing a Case for Evidence: Research and Development at the International Records Management Trust.' *Records Management Journal* 10:1 (April 2000): 9-22.

Presentations

Barata, Kimberly. *Managing Financial Records as a Strategic Resource*. Open Seminar on Current Projects in Digital Preservation and Electronic Records. Sponsored by The European Partnership for Electronic Records Research (EPERR), The Humanities Advanced Technology and Information Institute (HATII) at the University of Glasgow, and the National Preservation Office (UK and Ireland). London: British Library, March 2001.

Barata, Kimberly. *Records Management & Public Sector Reform: A Study on Financial Accountability and Anti-Corruption Strategies*. Kimberly Barata. Society of American Archivists Annual Meeting, Pittsburgh, PA, August 1999.

FINANCIAL REPORT

The International Records Management Trust was awarded a total of US\$245,748 by the World Bank Information for Development (*infoDEV*) program. The UK Department for International Development (DfID) provided additional funding totalling US\$29,057.⁴

The funding was allocated to carry out field research, development and prototype testing in collaboration with the Ministries of Finance and National Archives of the Governments of Namibia, Tanzania and Zimbabwe. The aim was to develop a reference model to manage financial records. Three case studies were also produced which informed the work on the reference model.

The following summarises expenditure from July 1999 through March 2001 of the US\$245,748 provided by *infoDEV*. A supplemental financial report will be provided by the IRMT once distribution is complete and external reviewers are paid. See Appendix B for a copy of the final budget approved in November 2000 and Appendix C for a breakdown of actual expenditure against the agreed World Bank *infoDEV* budget. Supporting documents will be provided upon request. A final audit of project finances will be arranged by the IRMT with their auditors, Jeffries Henry, once all expenditure is complete.

Salaries and Fees:

Salaries were paid to the IRMT Principal Investigator, Research Officer, and Research Assistant. Amounts take account of the appropriate percentage of effort. The Principal Investigator, Research Officer and Research Assistant's time spent working in the field was charged at 100% effort; otherwise percentages of effort vary (see Project Budget in Appendix B for a complete breakdown of percentage of effort per staff member).

One Local Field Adviser and six Research Advisers were paid a negotiated flat rate per day. The Local Field Adviser participated in fieldwork in Zimbabwe and the Research Adviser (Finance/Audit) participated in fieldwork in Tanzania and Namibia. The Research Advisers in Finance/Audit, Performance Measures, IFMS, Public Administration and Records Management Standards/National Archives participated in working meetings to develop the Reference Model tools.

Five External Reviewers were invited to provide an assessment of the Reference Model. A representative of the International Council on Archives (ICA) Committee on Current Records in an Electronic Environment and one from the International Organisation of Supreme Audit Institutions (INTOSAI) Committee on Accounting Standards have agreed to provide reviews. The Southern African Development Community (SADC) Branch of INTOSAI have agreed in principle to provide a review, but have yet to nominate a member to do so. The International Federation of Accountants (IFAC) Public Sector Committee stated that they would not be able to participate in a review, but requested an electronic copy for distribution to all their

⁴ UK DfID funding provided for an initial scoping study to define the issues for managing financial records. Fieldwork was carried out in The Gambia. The report of this study is available on the IRMT web site: <http://www.irmt.org/research/escorhome.html>

members. The Eastern and Southern African Association of Accountants General (ESAAG) have not replied. Reviewers are to be paid a flat rate of UK£200 after providing a thorough 3-5 page written review that is acceptable to the project's Task Manager and to the IRMT. *infoDEV* and the IRMT reserve the right to publish reviews as appropriate.

Advisory Committee Members were paid a flat rate of US\$500 each for reviewing and commenting on drafts of materials, providing expert advice on the content of the Reference Model and case studies and, where possible, providing useful contacts for arranging the field research and pilots. One Member requested his fee be used to produce additional copies of the Reference Model to be sent to him for distribution to interested colleagues; both print and electronic copies were sent to him. Another Committee member did not receive a fee due to his being a former World Bank official. The unspent fee was used to cover overspends elsewhere due to moneys lost as a result of the exchange rate at the time of the last tranche release.

Clerical support was paid for at a flat rate of UK£10/hour to provide design, desktop publishing and final production of the Reference Model and case studies.

Fares and Subsistence

Every effort was made to obtain the lowest possible economy airfare for every flight. The project incurred five cancellation fees (three in November 1999 and two in February 2000) due to last minute changes made by the Government of Namibia to the field visit schedule. The November postponement was due to the calling of national elections, which meant staff scheduled to participate in the study would be seconded to polling stations. In February, the field visit was postponed one week at the request of the Deputy Permanent Secretary and the Accountant General.

In-country travel for Namibia and Tanzania reflect necessary transportation costs incurred both within Windhoek and Dar es Salaam and as part of study visits to the districts.

Domestic fares include the cost of train fares for Research Advisers to attend working meetings in London and for the Research Officer and Research Assistant to carry out interviews in the UK.

Subsistence rates were representative of the UK Department for International Development (DfID) rates in the region. They apply both to fieldwork visits in Namibia, Tanzania and Zimbabwe, as well as covering Research Adviser visits to London to attend working meetings.

Other

Visas

The *infoDEV* funds paid for the cost of visas for Zimbabwe and Tanzania. No visas were required for Namibia.

Reference Model and Assessment Tools

Costs attached to working meetings to develop the Reference Model tools were paid by the *infoDEV* funds. These expenses include: room hire, refreshments, stationary supplies (eg flip charts) and photocopying.

The purchase of accounting, auditing, information technology and records management texts were made using *infoDEV* funds. These texts served as important reference material for developing the tools.

The *infoDEV* funds were used to cover the cost of producing the Reference Model and case studies. These expenses include: design and desktop publishing services, supplies (including toners, paper, ring binders, binder dividers, CD-ROMs) and printing. The cost of distributing both print and CD-ROM versions of the Reference Model were included in the *infoDEV* budget.

Postage, Photocopying and Telecommunications

Additional postage, photocopying and telecommunications costs specific to the project were covered by the *infoDEV* funds. These included the printing and distribution of draft materials for comment and the cost of shipping research materials gathered during field visits to the IRMT office in London.

Telecommunications charges relate to telephone, fax and e-mail communications required to organise and administer the fieldwork and consultation processes.

Overheads

Overhead charges were paid to the IRMT out of the *infoDEV* funds to cover the cost of office space, equipment rental and so on. These were calculated at 15% of UK-based salaries for permanent staff (ie Principal Investigator, Research Officer and Research Assistant).

PRESS RELEASE

Financial Records Reference Model is now available

The International Records Management Trust is pleased to announce the availability of Principles and Practices in Managing Financial Records: A Reference Model and Assessment Tool. It can be downloaded from <http://www.irmt.org/index2.html>. Shortly it will also be available at the World Bank Information for Development (*infoDEV*) website at: <http://www.infodev.org/> in their Library section.

Rationale

Many countries around the world are in the process of strengthening their democratic institutions. More generally, public disquiet and awareness of widespread corruption on virtually every continent, has focused attention on the need for greater financial accountability.

Public sector accountability, particularly financial accountability, is also a high priority on the bilateral and multilateral donors aid agenda. Donor agencies are de facto stakeholders in financial management reforms. They provide funding in the form of grants or loans for many public sector projects. However, aid agencies are only just beginning to recognise the need to strengthen records management systems as part of wider institutional capacity building and policy reforms. This is partly because, hitherto, there has not been a readily accessible reference model for development specialists and government financial managers that specifies how record keeping systems should be designed and implemented to support financial management systems and provides tools for assessing how well existing arrangements and systems are performing. This publication is designed to fill this gap.

The Accounting for Accountability Project

The Accounting for Accountability project has been carried out by the International Records Management Trust with funding from the World Bank Information for Development (*infoDev*) programme and the UK Department for International Development. This reference model forms part of the study on accountability and public sector financial records in sub-Saharan Africa, which included case studies in Zimbabwe, Tanzania and Namibia. An announcement will be made as soon as these are available.

The research called attention to the deterioration of records systems that should underpin financial management and thus provide a safeguard against corruption and fraud. It placed the decline of record keeping systems in the context of the strategies adopted by donor agencies and developing countries to promote better financial management accountability, and reduce the spread of economic crimes. Increasingly, these strategies include introducing electronic systems to co-ordinate and manage government financial functions.

The Reference Model

The study also identified good practice, both internationally and locally, and strategies that are working well in developing country contexts. The results are distilled in this Reference Model. It is intended that it will be of use to the accounting and information professions, to those who are designing new systems and to those who need to improve existing systems. It is also hoped that the reference model will assist in changing attitudes in the development community by specifying good practice for managing both paper and electronic records and providing diagnostic tools to assess whether existing arrangements are adequate.

Further information

Further information may be obtained from info@irmt.org
Web site: <http://www.irmt.org/> or <http://www.infodev.org/>

Final Approved Budget Allocations

			T1 Rate 15/6/99	T2 Rate Avg 5/3/100
SALARIES & FEES				
Principal Investigator:				
26 weeks at 60% salary/wk [28 wks - 2 DTF Fieldwk]	26	523.46	13,610	21,897
2 weeks at 100% salary/wk (Zimbabwe V1)	2	872.43	1,745	2,807
26 wks at 60% sal/wk [34 wks - 5 DTF Fieldwk - 3 consultancy] rate incl annual increase	26	544.61	14,160	7,886
9 weeks at 100% salary/wk [Namibia V1& V2, TZ V1 / 3 wks eat] rate incl annual increase	9	907.68	8,169	4,381
2 weeks at 40% salary/week (rate includes annual increase)	2	363.07	726	1,089
Research Officer:				
19 wks at 50% salary/week [22 wks - 3 wks DTF Fieldwork]	19	302.35	5,745	9,243
8 wks at 100% salary/week	8	604.70	4,838	7,783
18 wks at 50% sal/wk [25 wks - 5 DTF Fieldwk - 2 consultancy] rate incl annual increase	18	314.57	5,662	5,061
20 wks at 100% salary/week (rate incs annual increase)	20	629.13	12,583	3,037
Research Assistant:				
17 weeks at 55% salary/week	17	230.21	3,914	6,297
23 wks at 70% sal/wk [28 wks - 5 wks DTF Fieldwork] rate incl annual increase	23	330.73	7,607	7,982
17 wks at 100% salary/week (rate incl annual increase)	17	472.47	8,032	12,048
Local Field Adviser (legal/electronic audit) US\$300/day x 12 days	12	188.30	2,260	3,635
Research Adviser (finance/audit) £100/day x 1 day	1	100.00	100	161
Research Adviser (finance/audit) £110/day x 22 days rate incl increase as of 9/99	22	110.00	2,420	1,062
Research Adviser (finance/audit) £114/day x 16 days rate incl increase as of 9/00	16	114.00	1,824	2,736
Research Adviser (performance measures) £350/day x 6 days	6	350.00	2,100	2,100
Research Adviser (IFMS) £350/day x 2 days	2	350.00	700	1,126
Research Adviser (public admin/mtg facilitator) £150/day x 2 days	2	150.00	300	483
Research Adviser (public administration) £110/day x 3 day	3	110.00	330	531
Research Adviser (records standards/rat archives) £110/day x 2 days	2	110.00	220	354
External Reviewer's Fees (5 reviewers x £200)	5	200.00	1,000	1,500
Advisory Committee Fees (5 members x US\$500 fee each)	5	333.33	1,667	2,500
Clerical Support £10/hr x 140 hrs	140	10.00	1,400	2,100
Total Salaries & Fees			101,110	84,851
				72,556

FARES

International Air Travel						
<i>Zimbabwe: Field Study</i>						
1 x London - Harare - London	1	737.40	737	1,186		
1 x London - Harare - London	1	897.40	897	1,444		
1 x Entebbe - Harare - Entebbe	1	339.00	339	545		
<i>Namibia: Field Study</i>						
2 x London - Windhoek - London	2	883.40	1,767	2,843		
<i>Tanzania: Testing</i>						
4 x London - Dar es Salaam - London	4	572.50	2,290	3,684		
In-Country Travel: Tanzania	1	60.00	60	97		
<i>Namibia: Testing</i>						
3 x London - Windhoek - London	3	719.50	2,159			3,238
1 x London - Windhoek - London	1	726.50	727			1,090
In-Country Travel: Namibia	1	65.00	65			98
Domestic Fares						
<i>Evaluation/Planning Meeting: Reference Model</i>						
1 x Bath - London - Bath	1	71.00	71	114		
1 x Norwich - London - Norwich	1	67.00	67	108		
2 x Winchester - London - Winchester	2	68.20	136	219		
1 x London internal travel	1	45.50	46	73		
<i>Evaluation/Planning Meetings: Control Requirements</i>						
1 x Bath - London - Bath	1	71.00	71	107		
2 x Norwich - London - Norwich	2	64.00	128	192		
1 x Winchester - London - Winchester	1	26.30	26	39		
<i>Other UK In-country Travel</i>						
In-Country Travel: UK (external advisers, taxis, interviews)	1	775.00	775	631		574
Total Travel			10,315	10,945		5,337

SUBSISTENCE

Zimbabwe Field Research						
1 x 20 nights	20	75.00	1,500	2,413		
1 x 14 nights	14	75.00	1,050	1,689		
1 x 13 nights	13	75.00	975	1,569		
Namibia Field Research						
2 x 19 nights	38	90.00	3,420	5,502		
Tanzania Testing						
4 x 19 nights	76	120.00	9,120	14,673		
Namibia Testing						
3 x 21 nights	63	90.00	5,670		8,505	
1 x 12 nights	12	90.00	1,080		1,620	
London						
Research Adviser F&A, 1 x 5 nights	5	100.00	500	804		
Research Adviser PM, 1 x 1 night	1	100.00	100	161		
Total Subsistence			23,415	26,812		10,125
OTHER						
Visas: 1 x Zimbabwe £20 (US Citizen)	1	20.00	20	32		
Visas: 3 x Tanzania £50 (UK Citizen)	3	50.00	150		225	
Visas: 1 x Tanzania £35 (US Citizen)	1	35.00	35		53	
Supplies/Publications	1	350.00	350	219	321	
Expert Advisers Mtg: Ref Model - 3 days: Room Hire/Refreshments	1	555.00	555	893		
Expert Advisers Mtg: Control Req - 2 days: Room Hire/Refreshments	2	105.50	211		317	
Telecommunications	1	2400.00	2,400	2,655	1,125	
Postage/Photocopying	1	2500.00	2,500	1,911	1,969	
Reference model publication/distribution £17/report x 200 reports	200	17.00	3,400		5,100	
Total Other			9,621	5,709		9,109

OVERHEADS: 15 % UK-based salaries

Total Overheads

13,018

11,456

8,847

245,748

Summary of Actual Expenditure

SALARIES & FEES							
Principal Investigator:							
Research Officer:						38,410	38,410.00
Research Assistant:						28,828	28,827.00
Local Field Adviser (legal/electronic audit) US\$300/day x 12 days	12	188.30				19,553	19,553.00
Research Adviser (finance/audit) £100/day x 1 day	1	100.00				2,260	2,260.00
Research Adviser (finance/audit) £110/day x 22 days rate incl increase as of 9/99	22	110.00				100	100.00
Research Adviser (finance/audit) £114/day x 16 days rate incl increase as of 9/00	16	114.00				2,420	2,420.00
Research Adviser (performance measures) £350/day x 6 days	6	350.00				1,824	1,824.00
Research Adviser (IFMS) £350/day x 2 days	2	350.00				2,100	1,750.00
Research Adviser (public admin/mtg facilitator) £150/day x 2 days	2	150.00				700	700.00
Research Adviser (public administration) £110/day x 3 day	3	110.00				300	300.00
Research Reviewer's Fees (records standards/nat archives) £110/day x 2 days	2	110.00				330	330.00
External Reviewer's Fees (5 reviewers x £200)	5	200.00				220	220.00
Advisory Committee Fees (5 members x US\$500 fee each)	5	333.33				1,000	1,000.00
Clerical Support £10/hr x 140 hrs	140	10.00				1,667	1,034.49
Total Salaries & Fees						101,111	99,128.49

FARES

International Air Travel							
<i>Zimbabwe: Field Study</i>							
1 x London - Harare - London	1	737.40				737	737.50
1 x London - Harare - London	1	897.40				897	897.50
1 x Entebbe - Harare - Entebbe	1	339.00				339	339.00
<i>Namibia: Field Study</i>							
2 x London - Windhoek - London	2	883.40				1,767	1,767.00
<i>Tanzania: Testing</i>							
4 x London - Dar es Salaam - London	4	572.50				2,290	2,290.00
In-Country Travel: Tanzania	1	60.00				60	60.00

Namibia: Testing					
3 x London - Windhoek - London	3	719.50	2,159		2,159.00
1 x London - Windhoek - London	1	726.50	727		727.00
In-Country Travel: Namibia	1	65.00	65		65.00
Domestic Fares					
Evaluation/Planning Meeting: Reference Model					
1 x Bath - London - Bath	1	71.00	71		71.00
1 x Norwich - London - Norwich	1	67.00	67		67.00
2 x Winchester - London - Winchester	2	68.20	136		136.00
1 x London internal travel	1	45.50	46		46.00
Evaluation/Planning Meetings: Control Requirements					
1 x Bath - London - Bath	1	71.00	71		71.00
2 x Norwich - London - Norwich	2	64.00	128		128.00
1 x Winchester - London - Winchester	1	26.30	26		26.30
Other UK In-country Travel					
In-Country Travel: UK (external advisers, taxis, interviews)	1	775.00	775		990.36
Total Travel			10,361		10,577.66
SUBSISTENCE					
Zimbabwe Field Research					
1 x 20 nights	20	75.00	1,500		1,500.00
1 x 14 nights	14	75.00	1,050		1,050.00
1 x 13 nights	13	75.00	975		975.00
Namibia Field Research					
2 x 19 nights	38	90.00	3,420		3,420.00
Tanzania Testing					
4 x 19 nights	76	120.00	9,120		9,120.00
Namibia Testing					
3 x 21 nights	63	90.00	5,670		5,400.00
1 x 12 nights	12	90.00	1,080		1,080.00
London					
Research Adviser F&A, 1 x 5 nights	5	100.00	500		400.00
Research Adviser PM, 1 x 1 night	1	100.00	100		100.00
Total Subsistence			23,415		23,045.00

OTHER

Visas: 1 x Zimbabwe £20 (US Citizen)	1	20.00	20	20.00
Visas: 3 x Tanzania £50 (UK Citizen)	3	50.00	150	150.00
Visas: 1 x Tanzania £35 (US Citizen)	1	35.00	35	35.00
Supplies/Publications	1	350.00	350	387.50
Expert Advisers Mtg: Ref Model - 3 days: Room Hire/Refreshments	1	555.00	555	595.00
Expert Advisers Mtg: Control Req - 2 days: Room Hire/Refreshments	2	105.50	211	291.79
Telecommunications	1	2400.00	2,400	2,400.00
Postage/Photocopying	1	2500.00	2,500	2,536.11
Reference model publication/distribution £17/report x 200 reports	200	17.00	3,400	3,731.00 ⁵
Total Other			9,621	10,146.40

OVERHEADS: 15 % UK-based salaries

Total Overheads			13,018	11,282.50
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⁵ Committed expenditure. Not all invoices have been received.