

# New Regulations Bring Vital Records Protection To the Boardroom

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Executives must determine a strategic approach to vital records retention for the company.



Photo courtesy of Dennis Good.

## Executive Summary

*Development of a comprehensive vital records management plan is necessary for businesses to avoid disaster and ensure success and continuity. New regulations assign that responsibility to the executive suite.*

**T**O BE CATEGORIZED AS VITAL, A RECORD MUST CONTAIN information that is essential to the survival of an organization in the event of a disaster. Vital records typically make up a small part (usually around 5 percent) of the vast amount of recorded data accumulated by today's average corporation. Legal, medical, accounting and/or governmental organizations may have a much higher proportion of records that are regarded as vital.

*Vital records protection (VRP)* describes the policies enacted and processes taken to reduce the probability that an organization's vital records will become damaged, lost, destroyed, or otherwise rendered unavailable.

## Why Is VRP a Crucial Issue to Senior Management?

The answer is relatively simple. VRP has traditionally been viewed as an administrative issue within the corporate records management function. *Records management (RM)* has been concerned with matters such as ease of retrieval, archival offsite storage and timely destruction of older records. It follows, then, that BC and DR largely depend on the survival of vital records and information. In other words, developing a

strategy to protect and preserve vital records provides the foundation for developing a contingency plan. In this context, BC/DR professionals must push managers to view VRP as a standalone issue.

## Differences between RM and VRP

Jeffrey Williams, Ph.D., of Binomial/Phoenix Disaster Recovery Planning (Ogdensburg, NY) explains the difference this way: "RM seems to be a thing of the past. We all believed that with a paperless society, we wouldn't have to worry about paper. To that end, many companies began to neglect the whole filing process. Most companies don't have central file rooms or records managers anymore. Companies still have as many paper files as they ever did, but now they are stored in individual file cabinets in offices and cubicles. And they are not managed nor protected adequately."

Each year, more information is stored electronically but more reports and information still are also stored on paper. According to a 1999 study by U.S.-based consultancy Delphi Group, 75 percent of all information was being still maintained in paper form; many experts agree this is still the case today.

We've established that VRP should be viewed separately from RM, but how does that make VRP a C-level issue? Increased accountability to recent business governance regulations (Sarbanes-Oxley Act, Health Insurance Portability and Accountability Act, Gramm-Leach-Bliley Act, Patriot Act)

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has, by default, made contingency planning and VRP into a topic to be addressed by senior management.

Tom Weems of PreEmpt (Weatherford, TX), a provider of BC assessment and educational resources, cautions that “The regulations are not ambiguous in stating the requirements for the protection of records. It is already obvious that auditors are taking the regulations seriously, particularly Sarbanes-Oxley,

which is being interpreted very broadly in regard to record protection.” Not only is the actual protection of records required under most of this regulation, but the mere appearance of improper record handling (as shown in many highly publicized cases) can lead to devastating consequences.

According to Ken Rubin, executive vice president of marketing at Iron Mountain (Boston, MA), a provider of outsourced records and information management services, companies are “making a big mistake believing that a policy manual is an adequate records protection program. They don’t have the processes and controls in place to mitigate compliance and litigation risks.”

Rick Sorely, president of Safetyfile, Inc. (Minnetonka, MN), a company providing products and services essential for the physical protection of vital records, agrees with this assessment: “Typically, a VRP plan or initiative may have been developed, but until now, it has never been fully funded or implemented.”

**No one benefits from making the contingency planning process more complex or time consuming than it needs to be.**

## ROI: Safeguarding a Legacy

*By investing in the protection of their most sacred documents, the Potawatomi Indians prevented the loss of irreplaceable data after a devastating fire destroyed two tribal buildings.*

On September 13, 2003 the Pokagon Band of Potawatomi Indians near Dowagiac, MI, learned the importance of safeguarding their vital documents when a fire completely destroyed the administration office and maintenance building on the property that housed irreplaceable tribal documents.

Depending on those documents to aid in reacquiring a land base, the tribe distributed basic social services and assistance to its approximately 2,700 members, most of whom live in southwestern Michigan and northwestern Indiana.

Because the tribe’s vital records were stored in UL-rated fireproof filing cabinets, tribal officers had access to all the paperwork required to keep the business of the tribe running just two days after the devastating fire.

The decision to store the tribe’s vital records in UL-rated fireproof filing cabinets can be attributed to tribal leaders, who also had the foresight to ensure that the tribe instituted a policy of regularly backing up copies of vital records, as well as storing some records at different locations.

Tribal Operations Officer H. “Ted” Fenberbosch admitted he was not 100 percent certain the fireproof filing cabinets would protect the documents in the event of an actual fire. “The cabinets worked wonderfully,” comments Fenberbosch. “We wished we had more fireproof cabinets since not all the filing cabinets in the building were fireproof, and some valuable information was, in fact, lost to the blaze.”

### Executive Recommendations

The first step a C-level executive needs to take to protect vital records is to appoint an internal committee charged with setting up an effective VRP plan. Issues to be addressed should include the following:

- Identify industry-specific threats to vital records.
- Define what data constitutes a vital record in *your* organization.
- Decide whether, and at what level, the organization needs to hire an outside records management vendor.

In the current era of bare-bones corporate budgets, being able to justify why resources, staff and supplies should be applied to the development of a VRP plan is crucial to the success of the program. Tom Abruzzo, a BC/DR consultant with TAMP Computer Systems (Merrick, NY), a company specializing in recovery planning software, lays out the argument this way: “The cost of prevention always will be less than the cost of a salvage operation.” Abruzzo continues, “Even if budget constraints have prevented many organizations from instituting a comprehensive RM program, the development of a VRP can minimize the effects of a calamity—the best recovery plan in world will not work without your vital records.”

As a starting point, Abruzzo recommends clearly defining the benefits of an effective VRP plan. An effective VRP plan will:

- Minimize the disruption of normal business operations after an emergency.

## BC/DR professionals must push managers to view VRP as a standalone issue.

- Minimize the economic impact of the disruption.
- Minimize the impact of the disruption on client relations.
- Provide quick and smooth restoration of business services.
- Reduce and/or eliminate the time and cost of labor needed to recover after an emergency.

These suggestions are, of course, only a starting point. Each company needs to develop a unique program, but a variety of templates exist for different types of organizations to help with planning. Following are some generally recognized prerequisites to developing a VRP plan:

- Ensure business insurance programs are in place and updated.
- Develop a detailed records retention schedule—a comprehensive list of records series indicating the length of time each series is maintained in office areas, records centers or on electronic media devices, and when and if such series may be destroyed.

- Develop a sound records classification and retrieval system.
- Install an adequate security program.

No one benefits from making the contingency planning process more complex or time consuming than it needs to be, but all businesses that have something to lose need a vital records protection strategy. At the end of the day, the return on investment of a sound VRP plan is the safeguarding of vital, irreplaceable company records and documentation that are crucial to an organization's survival.

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### Continuity Clip:

## The Business of BC

Protecting human and intellectual capital is critical to an organization. After all, successful companies have been around for hundreds of years, and they had employees long before they had databases. But in today's real-time, global economy, the stakes are higher and accountability has never been more important. In fact, it is impossible to provide security to employees without adequately protecting company capital. If a company fails to protect transaction data, customer information or the information needed for regulatory compliance, employees are no safer than Enron employees were the day their world collapsed.

In addition, portable storage devices like memory sticks are constantly being introduced, promising to back up and protect data. If a company has fewer than two people, its data can probably be stored on a memory stick. But if you run an IT department that supports thousands of employees and even more investors and stockholders, you'll need more than a memory stick and a big hug for your board of directors when you present your BC plan.

Bottom line—if they don't feel safe, neither should you.

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