IMS 5047 – MANAGING BUSINESS RECORDS

TOPIC 2 - Analysis

Two of the objectives of this course are for students to develop a knowledge and understanding of:
• the business processes that recordkeeping activities support
• the evidential requirements for evidence of business activities that exist in the workplace.
Topic 2 addresses these objectives.

Week Four: Functional analysis

Continued from Week 3 - Organisational analysis

Three levels of analysis were identified:
• Level 1: The organisation’s regulatory and social context
• Level 2: The organisation’s business context
• Level 3: Functional Analysis

Reading: on website
AS ISO 15489 – Pt2, s.3.2.3 & 3.2.4
NSW DIRKS Manual – Step B
Functional Analysis notes (on Reading section of unit website)

Level 3: Functional Analysis

AS ISO 15489.1, Clause 8.4 states that to do an analysis of business activity, you need to:
“Collect information from documentary sources and through interviews; identify and document each business function, activity and transaction and establish a hierarchy of them, that is, a business classification system, and identify and document the flow of business processes and the transactions which comprise them.”

Two types of analysis can be used:
• Hierarchical analysis, a 'top down' approach where you start with the goals and strategies or the organisation and break this up into how these are achieved. This is represented by a 'business classification scheme'. This scheme can then be used to make a variety of decisions about the management of records.
• Sequential analysis, a 'bottom up' approach where you start by examining work processes and the transactions arising from them, then gradually relate it to more broader levels of classification.
(Adapted from State Records NSW, DIRKS Manual, 2003)
Major elements of a functional analysis:

- The goals and strategies of the organisation
- The broad functions of the organisation which support the pursuit of these goals and strategies
- The activities of the organisation which constitute these functions
- The groups of recurring transactions which constitute each activity
- Identifying all the constituent steps which make up the activity
- Identifying the transactions, which comprise each step in the business activity.

Where would we get this information from?

- Documents containing the organisation’s charter, mission and objectives, eg. mission statements, corporate plans, strategic or business plans; annual reports, organisational charts, policy statements, procedure manuals, information systems documentation, records and forms
- Website
- Project reports which may involve an analysis of business activity, such as: business process re-engineering, privacy management strategies, imaging and work flow analysis, activity-based costing or management, quality systems outputs, and information systems implementations.
- Business classification schemes of similar organisations.
- Interviews of people representing all core and administrative functions.

(Definitions below are taken from State Records NSW DIRKS Manual)

Functions
A function is 'a set of related and ongoing activities of the business.' Functions represent the major responsibilities that are managed by the organisation to fulfil its goals. Functions are high level aggregates of the organisation's activities.

Functions are generally not based on organisational structures because they are more stable than administrative units, which are often amalgamated or devolved when restructuring takes place. Functions can also be dispersed across structural components of an organisation, eg. a licensing function or a claim management function may be performed by a number of sections of an organisation.

Examples of functions you would expect to find in most organisations?
- Human resources
- Finance
- Asset management
- Information technology and systems
- Publicity or public relations
- Corporate reporting

Activities
Functions are then decomposed into smaller (sub) functions or into a discrete and related set of ongoing activities.

Activities are the major tasks performed by the organisation to accomplish each of its functions. An activity should be based on a cohesive grouping of transactions producing a singular outcome.
Eg. sub functions, or activity within Human Resources (HR) could be:

- Industrial relations
- Health and safety
- Staff development

Transactions
Transactions are 'the smallest unit of business activity'. In the business classification scheme, they should be represented as tasks, not subjects or record types.

From this analysis you end up with an hierarchical map of the organisation’s administrative and operational functions and activities, and information about the organisation’s context.

**Stages in hierarchical analysis** (from State Records NSW DIRKS Manual – Step 2)

<table>
<thead>
<tr>
<th>Stage</th>
<th>Description</th>
</tr>
</thead>
<tbody>
<tr>
<td>1</td>
<td>Use the sources to identify broad statements of your organisation’s purpose, goals and strategies. Look at the organisation’s charter, mission and objectives to gain an overview. Consider what it is that makes the organisation unique.</td>
</tr>
<tr>
<td>2</td>
<td>Conceptualise the broad functions of the organisation and write down some basic definitions about what each function covers. Check that they do not overlap in scope and test these against the organisational structure to ensure all aspects of the organisation’s business are covered.</td>
</tr>
<tr>
<td>3</td>
<td>Use the sources to identify the component activities within each function and write down some basic definitions about what each activity covers. Check that they do not overlap in scope.</td>
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<tr>
<td>4</td>
<td>Identify the transactions associated with each activity. This can be done through written sources, workshops and interviews or by analysing work processes – examining in detail the process involved in carrying out work. Identifying the transactions will assist in testing and finalising the boundaries of activities.</td>
</tr>
<tr>
<td>5</td>
<td>Test your preliminary analysis in interviews and workshops with relevant staff members. Revisit the top-level functions and refine them and their scope notes in the light of subsequent analysis.</td>
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<tr>
<td>6</td>
<td>Revisit and refine the remaining levels of the hierarchy.</td>
</tr>
</tbody>
</table>

**Results of the Functional Analysis - The Business Classification Scheme**

This analysis above can be represented or documented in a Business Classification Scheme =

The functions and activities of the agency derived from the analysis of business activity, containing terms and scope notes that represent and describe functions, activities, transactions or other elements and shows their relationships. The structure of the scheme is hierarchical, moving from the general to the specific.

(Adapted by Queensland State Archives, from National Archives of Australia, DIRKS Glossary)

**EXAMPLE:** of the hierarchical map of the organisation’s administrative and operational functions and activities – for the specific function of HUMAN RESOURCES
<table>
<thead>
<tr>
<th>Function</th>
<th>Sub Function</th>
<th>Activity</th>
<th>Transactions</th>
</tr>
</thead>
<tbody>
<tr>
<td>Human Resources</td>
<td>Industrial relations</td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td></td>
<td>Health &amp; safety</td>
<td></td>
</tr>
<tr>
<td></td>
<td></td>
<td>Staff development</td>
<td>Training course development</td>
</tr>
<tr>
<td></td>
<td></td>
<td></td>
<td>Develop course materials</td>
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<tr>
<td></td>
<td></td>
<td></td>
<td>Arrange venue &amp; equipment</td>
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<td></td>
<td></td>
<td></td>
<td>Develop course evaluation</td>
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<tr>
<td></td>
<td></td>
<td></td>
<td>Develop course program</td>
</tr>
<tr>
<td></td>
<td></td>
<td></td>
<td>Market course</td>
</tr>
<tr>
<td></td>
<td></td>
<td></td>
<td>Receive registrations</td>
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<tr>
<td></td>
<td></td>
<td></td>
<td>etc</td>
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<tr>
<td></td>
<td></td>
<td>Training needs analysis</td>
<td></td>
</tr>
<tr>
<td></td>
<td></td>
<td>Annual plans</td>
<td></td>
</tr>
</tbody>
</table>

The research, analysis and this map can be used for multiple purposes as listed further in these notes.

The structure of your business classification scheme & your retention/disposal schedule can be the same.

What benefits might that have?
- Easy to change both together in the event of function change.
- People/users understand a common language and structure.
- The capture, storage, retrieval and disposal or retention of records in their domain all comes under the same function-based framework - easier for them to understand

**EXAMPLE - PLEASANTVILLE CITY COUNCIL**

1. What might be the key (high level) functions of this typical local council?
2. Pick 2 of those high level functions, and see if you can think of what some of the sub functions or activities might be. You can go down to a few levels.

Doesn’t this tell you immediately about the types of records you would expect to see generated from these functions, and given the previous analysis - some idea about the importance of those functions and the value of those records?
Features of a Business Classification Scheme

- Classification schemes should reflect the simplicity or complexity of the organisation.
- The hierarchy can be used to group records together, in a physical or virtual environment, and so create a records system. It is a virtual way of grouping related objects, just as a file name in the paper world is a way of grouping related papers.
- It should be based on functions & activities, not structure, not on format, source or date
- That is, it uses terms that describe what your organisation does. Not calling folders by names like: Pete’s docs. Pete might not be here in a year, & some people needing those documents might not remember his name. The trick is to think about what the function or activity is, NOT where it lives in the organisation structure.
- Should be specific to each organisation, requires specific workplace knowledge
- Should reflect needs of the users, develop in consultation with users.
- Should be maintained to reflect the changing business needs
- The language scheme can be used for grouping & filing or saving records in a system.
- It can also be used for finding things.
- Can be mirrored for the management of both electronic & hardcopy records.

A Different Analysis Method - Sequential Analysis

Functions also consist of business processes which are responses to a business event. Eg a Freedom of Information request received by the Environment Protection Authority.

Sequential analysis documents the actual work processes you do in performing your business operations. It shows the relationships and dynamism that exist between your functions and activities.

Sequential analysis involves identifying the sequence of steps or transactions and any variations that are currently undertaken to respond to a business event. This may involve identifying the linkages and dependencies between processes and it is workplace and time specific.

Sequential analysis should be carried out after, or as part of the hierarchical analysis, and the processes mapped to the hierarchy. The advantage of starting with hierarchical analysis is that it gives you the organisational context in which the activities and processes are taking place. Processes may straddle across a number of different functions or may be contained within one or two functions.

This will be revisited in Week 5, when we look at Work Process Analysis.
Uses of Organisational and Functional Analysis and the Business Classification Scheme

Imagine the map of the organisation’s administrative and operational functions and activities, and information about the organisation’s context. What can this be used for?

- **To identify what are the critical functions for which records are needed** & what level of control is required to manage & access them. That is, where should these records be generated, controlled, stored?

- **Developing strategies for recordkeeping**
  
  eg. What are the priority areas? Where is there a need for technology? What functions that would benefit from automated business processes/workflow? What areas/functions of the organisation requiring monitoring of recordkeeping (due to compliance requirements)? What areas require the development of specific recordkeeping regimes to support the implementation of other standards, eg. quality systems? Which areas require corrective action?

- **Taxonomies eg. Business classification scheme.**
  
  The hierarchy can be used to group records together, in a physical or virtual environment, and so create a records system. This is a virtual way of grouping related objects, just as a file name in the paper world is a way of grouping related papers.
  
  The classification scheme accumulates related records, sequentially, over time, and establishes links between individual records. It uses terms that describe what your organisation does. This is different from the common practice of calling folders by names like: “Pete’s documents”. Pete might not be here in a year, and some people needing those documents might not remember his name. The trick is to think about what the function or activity is, not where it lives in the organisational structure.
  
  Functions and activities will often stay the same over time, unlike an organisational structure. The language scheme can be used for grouping & filing or saving records in a system, eg. automatic classification or indexing of a record by a system, dependent on who or which function generated it. It can also be used for finding things. It can be mirrored for the management of both electronic and hardcopy records.

- **Retention/Disposal Schedule or policy**
  
  The structure of a records disposal policy can mirror the business classification scheme, thereby ensuring that similar groups of records relating to specific functions are retained for the appropriate time. This will be covered in more detail in Week 6.

- **Security, user permissions, allocation of responsibilities**, etc (see Frank’s paper listed in the reading)

Undertaking the organisational analysis from Week 3 and the functional analysis from this week together meet the enterprise level requirements of AS ISO 15489 – that is:

- to determine what it is the business does, what its accountabilities are, & therefore what records it should be generating, capturing, managing and making accessible (+ over what period of time, if the records have value for ongoing use, eg. as archives).
to ensure that the organisation's recordkeeping activities are placed in its broader legal & social context, so we know what records need to be kept to comply with legal, business & stakeholder expectations.

AS ISO 15489 -1, 9.1 states “Determining which documents should be captured into a records system is based on an analysis of the regulatory environment, business & accountability requirements & the risk of not capturing the records. The requirement is likely to differ according to the type of org’n & the legal & social context in which it operates.”

This enterprise level analysis lets you determine what to capture – in six key steps:
1. consider functional analysis
2. consider internal & external environment - & accountability for business activities
3. determine what records need to be created for the activity?
4. determine where should these records be generated, controlled, stored?
5. determine what steps make up the business activity?
6. determine at what points are records to be captured as evidence of the activity and any or all of its steps?

EXAMPLE: a pharmaceutical company
1. Function = production of drugs/pharmaceuticals.
2. Accountability = to Aust and overseas Health & drug authorities, and to its clients. It must supply appropriate, current, correct drugs - labelled properly.
3. What records are to be created - R&D, approvals to make and sell drugs, detail of all manufacturing process for every bottle/panel, labels, training records, batch checks, details of distribution points etc, etc.
4. Where and how records should be generated, controlled and stored at various points throughout the organisation?
5. What are the steps making up the activity to make and sell drugs - in this example they are extensive.
6. At what points should records (as evidence) be captured throughout the process?

PAN example for class exercise:

(DE students can visit the virtual tour site and go through the same exercise).

Pharmaceutical companies - maintain numerous procedures, protocols, standards, codes of practice for the development, manufacture, testing, licensing and sale of drugs. They MUST know & comply with state, federal & overseas legislation and regulations to put such products on the market. Regulated here by the Therapeutic Goods Act 1989 (C/W). They MUST know & operate according to their standards; they are audited; they are certified or accredited; they are licensed.

Do the PAN virtual tour on its website
- then go to the CyberSpace Tour) (Note : Pan is now owned by Sphere Healthcare Pty Ltd
This represents a typical set of functions, activities & processes in a pharmaceutical company. Click on the different areas for a description of what they do.

What functions would you expect to find in such an organisation?

What other functions would you expect to find which are not listed on the virtual tour?

What records would you expect to create & manage arising from these functions?

Area 1. packaging materials inventory
Area 2. records of QA checks on raw materials & packaging materials; inwards & outwards goods inventory; quarantine standards/procedures.
Area 3. technical documentation relating to instrument use – eg. weighing & dispensing machines; calibration test results.
Area 4. climate control monitoring records.
Area 5. technical documentation relating to machine use; equipment inventory.
Area 6. as above
Area 7. labels (artwork, clinical notes)
Area 8. QA records of product testing; QA procedures.
Area 9. technical documentation relating to machine use; climate control monitoring records.
Area 10. instrument inventory; QA records of product testing.

Plus others: eg.

• Product R&D records – laboratory records; product research records; liaison with other organisations & health authorities; test methods; clinical trial records.
• Product registration or listing documentation – Aust & export.
• Packaging labelling & insert - design & content.
• Product information, brochures, marketing materials.
  Stock control records – raw materials, finished products, packaging.
• Standard operating procedures.
• Administration records – eg. finance, HR.

From this you can work out what recordkeeping systems, controls, processes, monitoring are required.

Complete the Exercises in the Tute notes for Week 4, and the exercises at the end of the paper provided “Functional Analysis of Business Activities”