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“This paper discusses the relationship between the accounting process and records management in a business entity. It elaborates on the nature of the accounting process by appreciating that the accounting process is intended to enhance accountability and includes the role of records management in accounting process.”

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Events

Oct 2005

5th **Electronic Documents and Records management** Workshop convened by CIMTECH at the University of Hertfordshire in the UK. Tel: +(44)1707 281060 Fax: +(44)1707 281061 E-mail: c.cimtech@herts.ac.uk **website**

http://www.cimtech.co.uk/Main/CourseEvents_EDMS.htm

10th – 14th **Records management course** Workshop convened by the Kwa Zulu Natal Archives at Pietermaritzburg Archives Repository. Tel: (033) 342 4712.

Fax: (033) 394 4353 E-mail: pmbarchives@kznedu.kzntl.gov.za

11th – 14th **“Records Management course”** Workshop convened by National Archives of South Africa in Pretoria, South Africa. Contact Arie Bot, Phone: (012) 323 5300, Fax: (012) 323 5287. E-mail: rmc@dac.gov.za **website**

<http://www.national.archives.gov.za/rms/rmc.htm>

24th – 25th **e-Documents and e-Records advancement** Workshop convened by Marcus Evans Contact Hennie Potgieter Tel: (011) 5161073 Fax (011) 5161004

Email: henniép@marcusevanssa.com

24th – 28th **Registry management course** Workshop convened by the Kwa Zulu Natal Archives at Ulundi Archives Repository. Tel: (035) 879 8500. Fax: (035)

879 8518 E-mail: archives@uld.kzntl.gov.za

26th – 27th **e-Documents and e-Records auditing and performance**

measurement Workshop convened by Marcus Evans Contact Hennie Potgieter Tel: (011) 5161073 Fax (011) 5161004 Email: henniép@marcusevanssa.com

Nov 2005

8th – 11th **“Records Management course”** Workshop convened by National Archives of South Africa in Pretoria, South Africa. Contact Arie Bot, Phone: (012) 323 5300, Fax: (012) 323 5287. E-mail: rmc@dac.gov.za **website**

<http://www.national.archives.gov.za/rms/rmc.htm>

9th – 11th **Knowledge and Information Auditing and Mapping** Course

convened by Knowledge Leadership Associates at the Unisa Graduate School of Business, First Street Extension, Midrand, Gauteng Contact Dr. Ben Fouche Tel/Fax: +27 (0)21 854 5480 Alternative fax: 088 021 854 5480 Cell: +27 (0)83

291 6671 Email: bf@knowlead.co.za Website: <http://www.knowlead.co.za>

14th – 16th **Knowledge and Information Auditing and Mapping** Course

convened by Knowledge Leadership Associates at the Graduate School of Business, University of Cape Town, Breakwater Lodge, Portwood Road, Victoria and Albert Waterfront. Contact Dr. Ben Fouche Tel/Fax: +27 (0)21 854 5480 Alternative fax: 088 021 854 5480 Cell: +27 (0)83 291 6671 Email:

bf@knowlead.co.za Website: <http://www.knowlead.co.za>

14th – 18th **Registry management course** Workshop convened by the Kwa Zulu Natal Archives at Durban Archive Repository. Contact Tel: (031) 309 5682.

Fax: (031) 309 5685 E-mail: dbnarchives@kznedu.kzntl.gov.za

28th – 02 Dec **Registry management course** Workshop convened by the Kwa Zulu Natal Archives at Pietermaritzburg Archives Repository. Tel: (033) 342

4712. Fax: (033) 394 4353 E-mail: pmbarchives@kznedu.kzntl.gov.za

Dec

5th – 10th **Conference on African Museums and Cultural Institutions in the 21st Century: development, management and partnerships** Conference

convened by Programme for Museum Development in Africa in Mombasa Kenya

Tel: +(254)412225114 or +(254)41 2224846, Fax: +(254)41 2227985 E-mail:
pmda@heritageinafrica.org, mluhila@heritageinafrica.org

7th **Electronic Documents and Records management** Workshop convened by CIMTECH at the University of Hertfordshire in the UK. Tel: +(44)1707 281060 Fax: +(44)1707 281061 E-mail: c.cimtech@herts.ac.uk **website** http://www.cimtech.co.uk/Main/CourseEvents_EDMS.htm

Jan 2006

16th – 20th **Registry management course** Workshop convened by the Kwa Zulu Natal Archives at Ulundi Archives Repository. Tel: (035) 879 8500. Fax: (035) 879 8518 E-mail: archives@uld.kzntl.gov.za

Feb 2006

“Sarbanes-Oxley compliance and the importance of records management programmes” Workshop convened by Longsight Communication in Sandton, Johannesburg, South Africa. Contact Richard, Phone: (011) 484 5964, Fax: (011) 484 5965. E-mail: richard@longsight.co.za **website** <http://www.longsight.co.za/>

“Managing electronic records,” Conference convened by Longsight Communication in Sandton, Johannesburg, South Africa. Contact Richard, Phone: (011) 484 5964, Fax: (011) 484 5965. E-mail: richard@longsight.co.za **website** <http://www.longsight.co.za/>

6th – 10th **Registry management course** Workshop convened by the Kwa Zulu Natal Archives at Durban Archive Repository. Contact Tel: (031) 309 5682. Fax: (031) 309 5685 E-mail: dbnarchives@kznedu.kzntl.gov.za

Mar 2006

13th – 17th **Records management course** Workshop convened by the Kwa Zulu Natal Archives at Durban Archive Repository. Contact Tel: (031) 309 5682. Fax: (031) 309 5685 E-mail: dbnarchives@kznedu.kzntl.gov.za

April 2006

Managing electronic records. Workshop convened by Melrose Training in Lusaka Zambia. Contact Tebby Tel (011) 4532260 Email: tebby@melrosetraining.co.za

CONFERENCE ANNOUNCEMENT

Activity: Conference on African Museums and Cultural Institutions in the 21st Century: development, management and partnerships.

Place: Mombasa, Kenya

Dates: 5th to 10th December, 2005

Partner Organizations:

- Programme for Museum Development in Africa (PMDA)
- The British Council
- The British Museum

The conference is jointly organized and run by the Programme for Museum Development in Africa (PMDA), the British Council and the British Museum. It will be hosted by PMDA in Mombasa, Kenya.

Financial Support by: The British Council

Conference Objectives: The conference will enable African senior museum professionals to:

- Discuss the African museum and cultural institution's relevance and mission, its national, community and professional roles, its leadership and management needs, and its operational (development?) strategies, in the light of current realities and challenges.
- Discuss orientations and strategies to enhance the management of African museums and heritage in today's world.
- Establish a dialogue with UK museum professionals with the aim of developing long term partnerships.

Expected Outputs:

- Issues, orientations and strategies for the future development and management of African museums.
- Published conference proceedings.

Speakers: will be chosen for each key topic / issue from museums, heritage and cultural institutions in Africa and the United Kingdom, based on their knowledge and experience. They will, through keynote papers and case studies, present and reflect on the various aspects of professional theory and practice in museums and cultural institutions.

Methodology: Keynote presentations on each topic will be followed by case studies and discussions from / through which new orientations and strategies will be drawn out.

Participants: 45-50 museum professionals in management positions from museums in English-speaking African countries as well as English speaking museum professionals from Angola, Madagascar, Mauritius, Mozambique and Seychelles.

Participation: Keynote speakers and participants selected by the conference organizers will be supported by the British Council. Applications are invited from museum professionals in English Speaking sub Saharan Africa. English speaking museum professionals from Angola, Madagascar, Mauritius, Mozambique and Seychelles may also apply. Send your application to participate in the conference, a statement of motivation for participation and your CV to:

The Programme Coordinator
Programme for Museum Development in Africa
P.O. Box 90010
Mombasa, KENYA
Tel: 254 41 2225114
254 41 2224846
Fax: 254 41 2227985
E-mail: pmda@heritageinafrica.org, mluhila@heritageinafrica.org

Application deadline: [November 6, 2005](#).

Self sponsored participants:

Professionals from Africa and abroad who have their own means to support their participation are welcome. Do write to the above address for details and availability of space.

ACCOUNTING AND ACCOUNTABILITY: ANY PARTICULAR ROLE FOR RECORDS MANAGEMENT?

By R. Oyamo and A. C. Mutundu

Abstract

This paper discusses the relationship between the accounting process and records management in a business entity. It elaborates on the nature of the accounting process by appreciating that the accounting process is intended to enhance accountability and includes the role of records management in accounting process. It also highlights the basic principles of records management necessary in managing accounting records. The paper recognizes that accountability has to do with providing information and that this information is held in records. It concludes by appreciating that records management and accounting are inextricable, and accentuates the importance of proper records management in accounting.

Introduction

According to Seiler (1990) accounting is “the systematic process of gathering, condensing, reporting and analyzing the results of events which have affected the company.” The essence of the accounting process is therefore to enhance accountability and transparency in management of an organization. Closely connected to accounting is the concept of accountability which Seiler (1990) defines as “explaining or justifying what has been done, what is currently being done and what is planned and it therefore involves giving information”.

Accounting and accountability processes involve two parties: one who is accountable and the other who assesses the accountability. For example, the government is accountable to the citizens. Company staffs are accountable to management and employer.

As such, the accounting model of accountability is based on the idea that in companies, the owners (or shareholders) are separate from the managers and that there is need for the managers to be accountable to the shareholders.

Accounting is vital in assessing a business fulfilment of its objectives. By enhancing accountability, business managers and staff are also able to legitimize their own actions. Only then can shareholders be assured about their investment and be motivated to invest more in the business.

The processes of accounting and accountability require provision of information and evaluation of the action to be taken as a consequence of the information provision.

Records in accounting process

The underlying factor in accounting is provision of information for the identification, measurement and reporting of cost-benefit analyses and also for foretelling the results of anticipated business activities as well as predicting financial status of the organization. Accounting information can therefore be any or all of the following:

- *Score-keeping information*: this is information that reveals how closely the company's objectives are being met. For example is an income statement that compares actual profit with anticipated profits. This will also highlight on the expenses.
- *Attention-directing information*: This is data answering questions about the operations that need attention in order to bring the organization to its objectives. For example is a departmental expense report which indicates above-normal expenditure.
- *Problem solving information*: This is data answering specific questions about the best way to perform a specific task or best solution to a problem. An example is a cost report indicating changes of prices to be made in order to make products saleable.

Ideally, all this information is held in records. The records are the definite by-products of the business activities and hence their availability guarantees the availability of information. Consequently, for this accounting information to be available proper management of the records is inevitable. The records must be well preserved and kept for the whole duration they will be required for decision-making. Thus because accounting has to do with availing information, information which is

held in records, records/information management systems are a prerequisite for any business entity.

Specific records necessary in accounting

As a matter of necessity, the following three kinds of recorded information are paramount for any business:

- *Income statement*: this shows revenue earned in a specified period, the expenses of the stated period and resulting profits (or losses).
- *Balance sheet*: this record is designed to reflect the properties that are owned by the organization and the equities in those properties.
- *Statement of change in financial position*: this is designed to reflect the funds that have become available to the company during the period and what they were used for.

These three forms of records provide good information at the strategic planning and management control level. They provide a measure of profitability and financial position hence useful for formulation of broad company policies.

Besides the above three categories of records, there are additional information/records systems useful for enterprise measurement. These include inter alia:

- *Standard costs*- predetermined costs reflecting what the costs to manufacture a product should be. Actual costs are then compared with this to bring out the exact expenditure and avoid exaggerated and unrealistic expenditures.
- *Budgeting systems*-these are methods for determining expenses which should be incurred in selling, administrative and other operational areas. These budgets are held in recorded form and these records need to be preserved well.
- *Contribution margin reports*- these are financial statements prepared to report the contributions that a particular segment of the business is making toward the profit of the company. The segment could be a product line, a sales territory or a department.

A concept called *responsibility accounting* requires that the budget reports, standard costs reports and contribution margin reports are prepared to reflect the activities for which one particular individual is responsible.

What fails accountability?

According to Perks (1993) Accountability fails when either or all of the following holds

- The information produced maybe inadequate or misleading
- The auditing maybe subject to severe limitations like lack of proper information to facilitate auditing and lack of auditors' independence from the managers.
- The information is published in such a manner that it is not accessible to those to whom the business is accountable like the shareholder, either physically or intellectually
- The accounting officers prepare fake records that actually appear to be authentic when they are not. At the extreme end is the total absence of files necessary to depict accountability. This may be due to failure by individuals or systems to make records in the first place.

One could also add the following prevalent contributory factors that also cause lack of accountability:

- Failure to identify and retrieve the authoritative version of a record when multiple copies exist;
- Failure to maintain records for the period of time necessary to meet specific accountability requirements;
- Failure to assign responsibility for different aspects of record keeping at appropriate levels in the organization so that no one takes responsibility.
- Failure to capture records into record keeping systems so that they are subject to arbitrary destruction or cannot be found when required.

Records management principles in accounting

As discussed above, it is evident that records and information systems are a basic ingredient in any accounting process. Indeed, there is ultimate need to have these financial records upon which accountability rests properly managed. This records management is entirely intended to ensure that the records remain available for the whole duration they are needed and that only needed records are kept and no needed records miss. This practice has to be based on a number of principles and practices that are crucial in any records management efforts as put forth by Ira Penn (1994):

- *Creation*-that only necessary records are created or acquired for keeping. This implies that no activity done during accounting process that has direct impetus to the business should go unrecorded. This necessitates the need for the records manager to be acquainted with the accounting principles and practices of the business.
- *Appraisal* – this is the systematic evaluation of records to determine which need continued storage because of their continuing value, and which should be disposed off. Appraisal is vital in RM to ensure all needed records are available and unneeded are destroyed. It also leads to creation of more storage space by disposing non-required records and unneeded duplicates, besides prompting action.
- *Records inventory*-also called records survey, is the systematic analysis of the current records and equipment existing in an organization with a view of determining the state of the records and equipment and their contribution toward achieving organizational objectives
- *Arrangement and description*: Arrangement is the process of organizing records and papers to reveal their contents and significance. Description is just appending the necessary data about the records to aid in identifying, retrieving and tracking the records to help achieve both physical and intellectual control.

Arrangement and description of records are guided by the *principles of provenance* and *original order*. The principle of provenance stipulates that records should be arranged according to the creating agent or office. The principle of original order mitigates that records should be maintained in the order in which they were organized by the creating office. These principles are more useful where a business has a centralized records centre and also

in managing records acquired from external agencies.

- *Disaster management*: this is the planning for any disastrous eventuality that may lead to loss or destruction of records. Disasters can be natural like floods and earthquakes or manmade like arson and theft. There is need to protect records from these eventualities by taking all precautionary measures possible.
- *Disposition*. This is the final stage of a records cycle. At this stage records of long-term/permanent value can be transferred to the organization's archival repository. Those records of no value are destroyed by any of the available methods including incineration, pulping or shredding.

Additionally, the general management principles of planning, organizing, directing, controlling, budgeting and staffing are also instrumental in the records management activity.

Legislation in accounting record keeping in Kenya

Proper keeping of accounting records is not just for the satisfaction of the company's policy alone. It is also in fulfilment of legal requirements as required by the government. In Kenya, The Companies Act (CAP 486) of the laws of Kenya requires companies to ensure proper keeping of accounting records. Section 147 (1) of this Act requires that "*every company shall cause to be kept in the English language proper books of account with regard to: (a) all sums of money received and expended by the company and the matters in respect of which the receipt and expenditure takes place; (b) all sales and purchase of goods by the company; (c) the assets and liabilities of the company*". These records are required to give a true and fair view of the state of the company affairs and to explain its transactions. The Acts provides for mandatory preparation and availability of balance sheets, profit and loss accounts for profit oriented business and income and expenditure accounts for non-profit businesses.

Indeed this legislation provides a legal emphasis on the need to have proper record keeping systems in accounting processes. In fact, under section 393, the Act provides for a penalty of imprisonment of not more than 2 years or a fine not exceeding Ksh.10,000 or both for any one who makes false statements in the

accounting records. This underlines the need for accountability and authenticity of the records.

Conclusion

Financial and accounting data relative to the company's profitability is the primary means by which the effectiveness of management is measured and reported to the owners. Those who manage a business need periodic accounting information on all facets of the business operations including detailed information on income and expenses. Indeed, consistent and diverse needs of management, shareholders and regulatory authorities for financial information can be satisfied only by relatively frequent and detailed accounting reports.

It is noteworthy that the accountability duty is not just the responsibility of the finance and accounting officers alone. It is actually a demand vested on all players in the business. All staffs have to be accountable for their activities even if they are not solely monetary bound. Whereas finance and accounting officers will be interested in drawing financial statements for financial accountability, the other staffs have to show an accountability of their time and activities in the firm and use of any resources allotted to them thereof.

More importantly, it generally accepted that accountability has to do with providing information. This information is held in records and that these records must be well kept and preserved for all action officers. The need for adequate and timely information is critical to the decision making process. Without proper information, an incorrect or costly solution to a problem maybe selected.

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