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## The Document Management Process

Best practices revealed.

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Now that terms such as Document, Forms, Content and Knowledge Management have returned to the AICPA's annual Top Technology Initiatives list, it is a perfect time to review some of the accounting specific best practices of the past few years.

Since the technology of document management systems is now reaching maturity in many of the larger firms, and several smaller and sole-proprietor firms are going into Year One or Year Two, it's not a bad idea to spend a little bit of time looking at the process of moving work through this type of environment.

### From File Room to Document Management System

For those just getting started, an important question is, "Do we, or should we, back-scan the many years of files that have accumulated in the office?" Back-scanning often requires a serious commitment of both time and effort. In addition, back-scanning can be quite costly. Best practices have shown that allowing your old file room to "die a slow death" is usually the best course of action. To this end, it is important to clearly communicate the message to all users from day one of implementation, that not one additional file should be added to the existing manual file room. With that process in place, the existing manual file room can be reduced in size, if not totally eliminated, within two to three years. If this approach is taken, year one on a document management system may be a little burdensome. You will need a combination of digital and manual documents at your disposal to complete your tasks. However, once you are past the first year, the rest is a lot easier.

### Scanning Documents

Another common question is, "When do I scan?" This task can be broken down into one of three scenarios:

- Up-front
- At some point during the process, or
- At the back-end of the process.

Firms that scan up-front have been most successful at maximizing their utilization of the system and have also been those with the most success.

#### *Up-Front Scanning Benefits*

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Up-front scanning is a process in which source documents are scanned before the project enters the workflow process within the office. By taking advantage of up-front scanning, in addition to being able to make notes directly on the scanned documents, staff can easily make changes to the source file for missing or open items received at a later date.

### *The Downside of Deferred Scanning*

Scanning at a later point within the process has the potential to create obstacles. Since notes and comments regarding the source documents will have to be made outside of the system, they too will have to be added and scanned at a later point in time.

Using this methodology, there is a disconnect between the source documents and the other items in the digital process that may or may not have already entered the process.

In addition, scanning at the back-end is sometimes “out of sight -- out of mind.” In other words, very often scanning jobs left at the end of a job falls to the end of tax season or become “busy” work during the summer. This results in very poor utilization of the document management application. More often than not, in some firms, tax notices start to come in before the source documents have been scanned and associated with the appropriate return.

### *A Caveat*

Don't fall into that trap! Scan up-front or scan your documents in a timely manner thus increasing the effectiveness and power of your document management system.

## **Protecting Privacy While Easing Client Access to Documents**

Lastly, once a document management system is in place, it is important to think about how to make these documents available not just to your staff, but to your clients as well.

Many firms today are shifting away from e-mailing financially sensitive information or documents containing personal information to their clients. This thought process is driven in part by some of the new rules and legislation that have come down in the area of privacy over the past few years. Some of these regulations impose stiff fines and penalties on individuals or companies found to have been in violation.

Many firms have implemented client portals via open, but secure, access to the document management application. Having a portal that is integrated tightly into the document management application allows a firm to make available to their clients select files that already exist in the application. By applying this methodology, there is no need to copy or move files to an e-mail application, external storage device or some third-party Web-storage facility. Utilizing your existing document management application as a foundation for your client portal doesn't mean that you need to provide access to all documents to your clients. With the technology available today, you have the ability to flag those documents that you grant a client permission to view or have access to, and those will be the only documents identified clients have the ability to access.

## **A Change Worth Making**

While the transition to a document management system may seem daunting at first glance, most CPAs find this is simply not the case once they get into the process. And once the old file room has been phased out, the benefits to both you and your clients far outweigh any short-term difficulties encountered. The utilization of a document management system is a change worth making.