

# More Knowledge



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**SUBJECT** CASE FILING in ACCOUNTING AND ENGINEERING

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While every effort has been made to ensure the accuracy of the attached information it is given to you as an expression of opinion of the author. File Force does not purport to be nor is it an expert on the topic.

## THE BITS

This is only part of your total business. There are still the other basic file groups that must be retained as well. Other papers and advice is available from FILEforce International.

| <b>THE FIVE KNOWLEDGE COLLECTION CENTERS.</b> |  |
|---|--|
| CORE BUSINESS                                 | What you do. <b>CASE FILES</b>             |
| SALES<br>MARKETING                            | Selling your core business                 |
| FINANCE                                       | Funding your core business.                |
| PERSONNEL or<br>HUMAN RESOURCES               | The people who work in your core business. |
| ADMINISTRATION                                | Managing your core business.               |

| <b>CASE FILING</b> |                |                 |
|--------------------|----------------|-----------------|
| <b>The client</b>  | <b>The job</b> | <b>The Bill</b> |
|                    |                |                 |



Filing is all about information retrieval. There are three great ways to do filing and this is one of them. Called 'CASE FILING' is related to the collection of information about cases or events that represent the core business. In accounting the event is the TAX YEAR, in engineering, architecture, consulting and project management the event is the JOB.

In the different parts of getting your core business you will have

|              |   |
|--------------|---|
| Client files | with all the background and general information on the customer (Not the job) |
| The JOB      | with all the working papers on the job  |
| The BILL     | with all the accounting data on how you bill the client to get your money.    |

So you may have three sets of files on the client. In the sales department you will have the "CLIENT FILE", in the service section you will have the "JOB FILE" and in the accounting department you may well have another file on the client holding copies of all the invoices.

This paper will cover the CASE FILES ONLY. Filing is always arranged in the way that will satisfy a basic desire to retrieve information.

In case filing there may be more than one person or group of people dealing with the job or contract. As this is the case, then it is to the benefit of those who are working on the job to have close to them those matters that relate to their specialty. Yes, it is ok to break the file up into bits. Jim the surveyor may want to have his bits close at hand in case someone calls, same with John the Civil Engineer and Mick the Mechanical Engineer. Let them have their bits.

So break down the "CASE", "JOB" or "PROGRAM" into the topics that are either wanted to be retrieved individually or because they are dealt with by different people or teams over time. The most typical are accounting and engineering related filing. They are all based on the same records management principles, the difference is made up of "What the segments are called" or "How they are arranged – based on size of job". The structure is a simple hierarchy

**THE HIERARCHY**

| TABLE 1 - BREAK DOWN OF JOB             |                        |  |
|---|------------------------|--|
| CLIENT MASTER FILE                      | Single file            | Contains information regarding the company you deal with in general terms. |
| JOB FOR CLIENT                          | Section One            | The contract or tender   |
|   |                        | Sub Section  |
|   |                        | Sub Section                      Sub-sub Section                           |
|   | Section Two            | Sub Section  |
|   |                        | Sub Section  |
|   |                        | Sub Section  |
|   | Section e.g. Suppliers | Sub Section - A  |
|   |                        | Sub Section - Thru Z   |
|   | More Sections          |  |
|   | And even more          |  |
| Associated records on this job or case. | Drawings               |  |
|   | Court Documents        |  |
|   | Computer Data          |  |
|   | Calculations           |  |
|   | Models                 |  |
|   | Samples                |  |
|   | Minutes of Meetings    |  |
| THE ACCOUNT                             |                        | Each week or month   |



In a small engineering firm all the topics may be in one file or Lever Arch File / Two-ring Binders (LAF). Each section is divided by a simple page divider, or in a large project, they may be in separate folder or Lever Arch File / Two-ring Binders. Jim the surveyor will have all the surveying information broken into the sections which interest him (which he will want to retrieve together), all together in one section or folder relating to that project. For a small project with say only 20 pieces of paper relating to surveying then Jim may share the project file cover with other members of the team.

Correspondence and documents are organised by the way they will be RETRIEVED rather than in the order they arrived.

The Tax accountant is interested in the Tax files not the audit files.

The design engineer is interested in the design, not the electrical diagrams. The environmental engineer is interested in the environment and research file not the elevators. For better distribution of the files the records are placed in groups based on WHO WILL USE THEM MOST.

## ACCOUNTANTS

A client has a variety of files relating to the work performed by the practice. These include a basic history file, then each year a separate file is opened and retained for work performed relating to that financial year e.g. income tax, audit, property tax, fringe benefits tax and the like.

Most clients in an accounting practice have the same basic files.

|              |                 |
|--------------|-----------------|
| History file | Tax File        |
| Audit File   | Company Returns |
| Billing      |                 |

Each of these files can be retained for a different period of time based on the desires of the management of the firm.

In most cases the history file – or the living history about the company including the directorships, ownership, shareholdings, appointment of auditors, banks, solicitors etc will be needed for a long period of time. So this information is retained in a separate file for that purpose.

When looking ahead, each client will have a Tax, Correspondence, Superannuation, FBT, Land Tax and other files created each new financial year. The Tax and Audit files for last year are needed as a comparison for this year, so they are separated to allow easy access. So the 1998/9 file is required for say 5 years – they go through the following cycle.

| TABLE TWO – FIVE YEAR RETENTION OF FILE PARTS |           |           |           |           |           |           |
|---|-----------|-----------|-----------|-----------|-----------|-----------|
| I   | 1998      | 1999      | 2000      | 2001      | 2002      | 2003      |
| 1998  | CURRENT   |           |           |           |           |           |
| 1999  | Reference | CURRENT   |           |           |           |           |
| 2000  | Boxed     | Reference | CURRENT   |           |           |           |
| 2001  | Off Site  | Boxed     | Reference | CURRENT   |           |           |
| 2002  | Off Site  | Off Site  | Boxed     | Reference | CURRENT   |           |
| 2003  | Off Site  | Off Site  | Off Site  | Boxed     | Reference | CURRENT   |
| 2004  | Destroy   | Off Site  | Off Site  | Off Site  | Boxed     | Reference |
| 2005  |           | Destroy   | Off Site  | Off Site  | Off Site  | Boxed     |
| 2006  |           |           | Destroy   | Off Site  | Off Site  | Off Site  |
| 2007  |           |           |           | Destroy   | Off Site  | Off Site  |
| 2008  |           |           |           |           | Destroy   | Off Site  |
| 2009  |           |           |           |           |           | Destroy   |

It sounds like a lot of files. (With good housekeeping, it will pay you back in transfer cost reduction benefits.) Separate files for each year are recommended to keep the total paper held in the shelving at a minimum. Because you have each year's working papers in a cover for that year, it is easy to pull them off the shelf to make way for the new year. (In the year 2000 a new file is created while the previous years file is used for reference, the previous year is moved to archive boxes ready to go off-site, and the boxes held ready to go off site from last year, go off-site. The cycle is complete.) Using "year Labels" will assist in the identification of the file part.



### USE COLOUR TO IDENTIFY FILE TYPES.

The other option is to use colours – which works in some surprisingly big practices with more than 20,000 file covers. This allows you to easily identify the various topics for each client as they sit either on the shelving or are found on the desks. If the billing file is brown – you look for a brown file cover with the clients code on it in the coloured labels.



A client may have more than one job. In many offices these are treated as separate “jobs” (and that is the best way to go). The firm will still have a client file that covers general correspondence with the client relating to general matter. Then each job will be treated as a separate item or set of topics that make up the job.

Start a register of jobs – the next JOB gets the next number irrespective of the client.

Many (like in legal practices) may use a year prefix. Eg 1999/23 or 00/23 being the 23 job in that year (Called an annual sequential number system). This helps in legal work more than engineering give you an idea of when the job started. The numbering system is not that important either a sequence from one to infinity or an annual sequential number system will do.

The important thing is to keep the casework away from the general marketing correspondence.

### **The job and bill**

The casework and the bill are always very related. Here you are still best to have several case files with different numbers and perhaps send them several invoices. As you are probably job costing the job, they generally want the same reporting. So keep the job and the bill joined by the same number.

### **How these fit on the file shelves**

By using a sequence method, you are always add new files at the end. As jobs are completed they are removed and placed in semi-active storage. This way you have a minimum of shuffling of files. I have seen firms with one account number for a customer then sub jobs. So the job in the middle keeps growing, and you constantly have to shift the files to the right to make room for the new filing.

When you are working on site, there is no worry about the expansion as there is only one job. The major problem is the expansion of the files within the group. This can only be overcome by scuffling the files along the shelves on a regular basis.

### **The breakdown of the job**

Different firms have differing practices and use different hierarchies – this is what makes them different in many ways.

In a small job – say a residential house.

You can have little sections broken down by dividers in a Lever Arch File.

- Contract
- Drawings
- Construction
- Landscaping
- Interior Decorating
- Variations
- Inspections and statutory reporting.
- Billing
- Supplier accounts ( Alphabetical)

In a larger construction job, this can be broken down as suggested in Table 1 above. The important thing is to set up a standard breakup of a job, and then continue to use it.



## **Standard set of numbers**

Larger firms have set up standard job breakdowns.

## **What are they made up of!**

Perhaps the easiest way to explain this type of record is to use the construction example.

A building is made up of component parts for instance a shopping complex

- Foundations
- Electrical
- Structural
- Plumbing
- Air Conditioning
- Fire
- Telephony
- Security
- Parking
- Landscaping
- Partitioning
- Lifts
- Etc.

Each of these areas is worked on by different groups of people, perhaps in different buildings. They are all part of the same job.

## **A STANDARD**

Each firm should draw up it own standard list. Much like a chart of accounts in your MYOB Accounting system. The lists emphasize the specialties of each professional firm. When the list has been drawn up use it as the standard for each job. When you draw up the standard you can make comments on your expectations of the contents of each division to lead the user to both find information and allow them to classify the documents prior to filing.

The difference in filing categories or units is what gives the firm individuality. Irrespective of what they are called within each individual company, all will comply with JAS/NZS 4390 if the follow the basic rules set out here.

## **THE FOLDERS**

There are two preferred medium.

The Lever Arch File      See Illustration Fig 5

The Lateral File -      See Illustration Fig 1

These should be placed on open shelving (Fig 6) so they are available to all staff members, for further information of file shelving comparisons refer to "Filing – A DIY guide to records Management" by Harry Haxton, available from File Force.

## **TRACKING THE CLIENT**

There have been a lot of systems designed to track the jobs for each client. To-day this can be achieved by one central index of both client quotes jobs and files as illustrated in Fig 5 attached.

This is not to ban completely the use of job cards that have been very useful to date. These very simple database programs are the most likely to last over time and the most interchangeable ( You can transfer data from Quattro to Excel for instance if you change your office suite preference). A simple Access or Lotus Notes database can also be used.



**QUOTES AND JOBS**

From a records management point of view, you are really tracking “things you do for clients” and whether you consider

|                           |                               |
|---------------------------|-------------------------------|
| Job                       | Successful Quote              |
| Quote only                | An unsuccessful job           |
| A job number is allocated | For things you do for clients |

We recommend that you run one sequence of numbers for “Things you do for clients” then there is no confusion. To overcome any numbering conflicts that you may have – the quote can be Part “zero”. (See illustration in Fig 5)

**THE JOB NUMBER**

Assuming that you have taken our advice from the paragraph above. The database can be a total index not only for the jobs but also for the client’s individual jobs.

This leave basically two options for the job number and this again comes down to personal preference.

|                          |   |
|--------------------------|---|
| THE ANNUAL SINGLE NUMBER | <p>This system uses the year as a prefix and then commences a sequence of numbers for that year from job number #1. Eg.<br/>99/1<br/>99/2 .....etc</p> <p>This system is possibly the easiest if you are combining two firms who previously had conflicting sequential numbering systems.</p> <p>When translated to coloured numbering labels on file covers, this generally takes up less room – with a single year label + 2 or 3 others, depending on the number of jobs you have each year.</p> |
| The sequential number    | <p>The day you start you start at one and keep going. This really can start at any number (particularly if you are re-engineering an old system).</p> <p>When transferred to labels on a folder a four digit number can take up lots of tab room and is not recommended.</p>  |

**THE INDEX (FINDING AID)**

In the past the only way to index was with lists and cards. Today you can use a spreadsheet (Excel, Quattro, or 123) - See Table 5.

Using the “FIND” feature of all modern spreadsheets (usually Ctrl F) will give swift and easy information retrieval.

## THE JOB

Firstly we give the job an identifier – a job number (See above)

This is done with a register this can be combined with a database list (Fig 5)

A register is a chronological sequence of numbers allocated from the first to the last number.

**TABLE 3 – Job Register Layout - Engineering**

| Sequence | Client        | Site           | Project Name | Commenced | In Charge  |
|----------|---------------|----------------|--------------|-----------|------------|
| 123      | Bloggs and Co | Back of Burke  | Black Stump  | 10/01/01  | Ned Kelly  |
| 124      | Bloggs and Co | Mary St        | Meridian     | 02/01/01  | Bill Jones |
| 125      | Fred Nurk     | 15 Chilton Way | Residence    | 03/01/01  | Mary Jones |

**TABLE 4 – Job Register Layout – Legal**

| Sequence | Client        | Matter                          |  | Commenced | In Charge  |
|----------|---------------|---------------------------------|--|-----------|------------|
| 123      | Bloggs and Co | Sale of property – 15 Smith St. |  | 10/01/01  | Ned Kelly  |
| 124      | Bloggs, Jane  | Divorce                         |  | 02/01/01  | Bill Jones |
| 125      | Fred Nurk     | Personal Injury                 |  | 03/01/01  | Mary Jones |

## Then

Each job spawns two physical files

The working file (or files ) more than one part.

The Bill – can be a section of the working file.

**PART FILES (WHEN THE FILE GETS OVER AN INCH THICK or LAF GET FULL)**

*The physical file should never get over an inch thick*

Each file should be manageable and broken into parts. These should be clearly identified on the front of the cover with the opening and closing date.

In the file management spreadsheet (Fig5) the file covers are what are tracked. Not just the total job.



## **THE BILLING FILE**

This is an accounting record more than a job record. It represents how, when and for what a client is charged and when they pay the bill.

Its retention is based on the "Income Tax Assessment Act" Section 262. It must be kept for 5 years. You may wish to keep some of the other sections for a longer period say 10 years, or design for a period as long as you can anticipate any legal action.

## **CORRESPONDENCE IN AND OUT**

The engineering profession is the only one I have come across in reviewing over 25 years of records management that files the inward and outward correspondence in two separate sections or files.

The records management practice is to do the following

1. All correspondence is placed in chronological order from the back to the front of the folder.
2. The outward correspondence is placed in the same file as the inward – generally this will see the outward correspondence placed on top of the inward correspondence.

If correspondence covers two topics.

Copy the letter/reply and place in two sections if necessary for easy retrieval.

## ARCHIVING YOUR FILES

(See chapter 6 of “Filing” for further information on Archiving and Retention Scheduling)

The standard records management practice is to track the files (file covers) to an archive box that is given a unique number and a destruction date. You will be in Figure 5, the Spreadsheet sample that there is a column superficially to note the final archive box for EACH PART OF EACH FILE.

EACH ARCHIVE BOX SHOULD ONLY CONTAIN FILES TO BE DESTROYED AT THE SAME TIME. So if some document are to be kept for 20 years, say drawings, and billings for only 5 years.

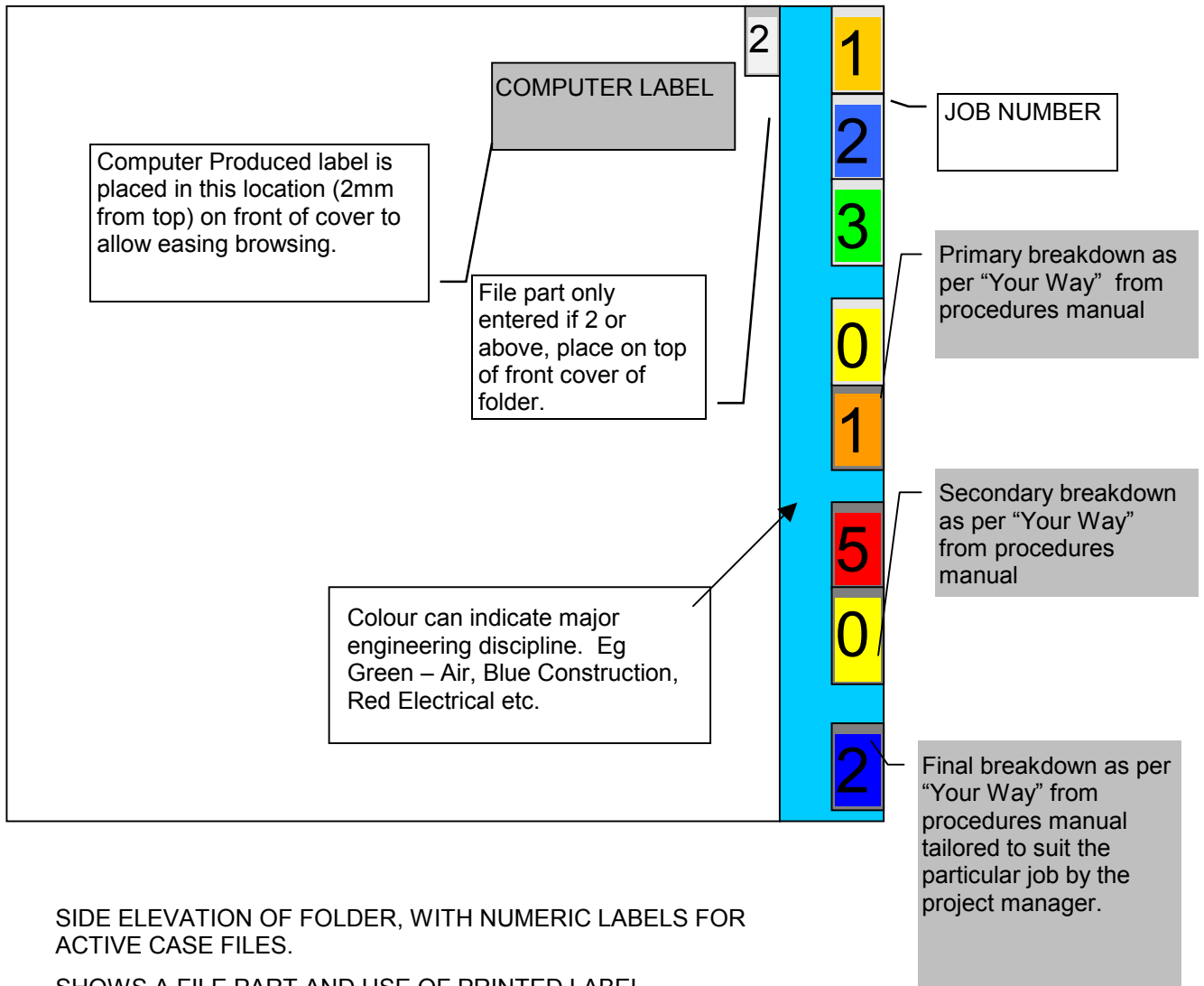
Place them in separate boxes with different destruction dates.

Save space in the box by removing the contents of the Lever Arch /Two-ring Binders and placing the contents into zip lock plastic bags.

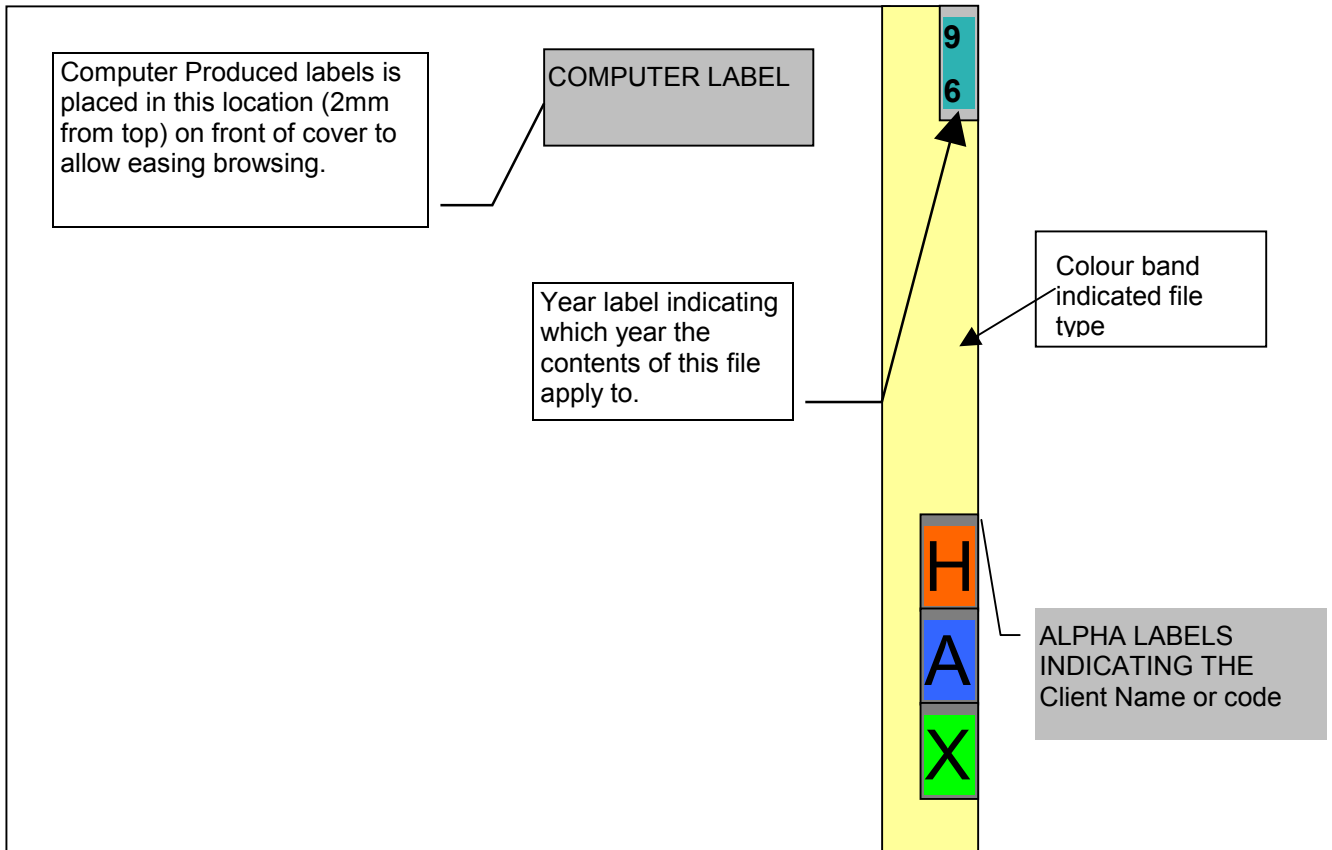
1. All files are placed in a box to be archived – not loose on shelves
2. If you are using Lever Arch /Two-ring Binders we suggest you copy the spine from the binder and then place the contents in a ZipLock bag as illustrated. This saves space (less boxes per job) and allows you to recycle the LAF.
3. It is not necessary to wait till a job is finished to archive a file. (You can always find it from the index spreadsheet – Fig 5)
4. As a file is closed and placed in archives – the index (Fig 5) is amended to note the box number.
5. The contents of archive boxes will have a common destruction date.
6. The boxes will be placed on the shelving (if in house) in sequential order or sent direct to an off site repository.



**FIG 1 -- ENGINEERING FILE COVER LAYOUT**

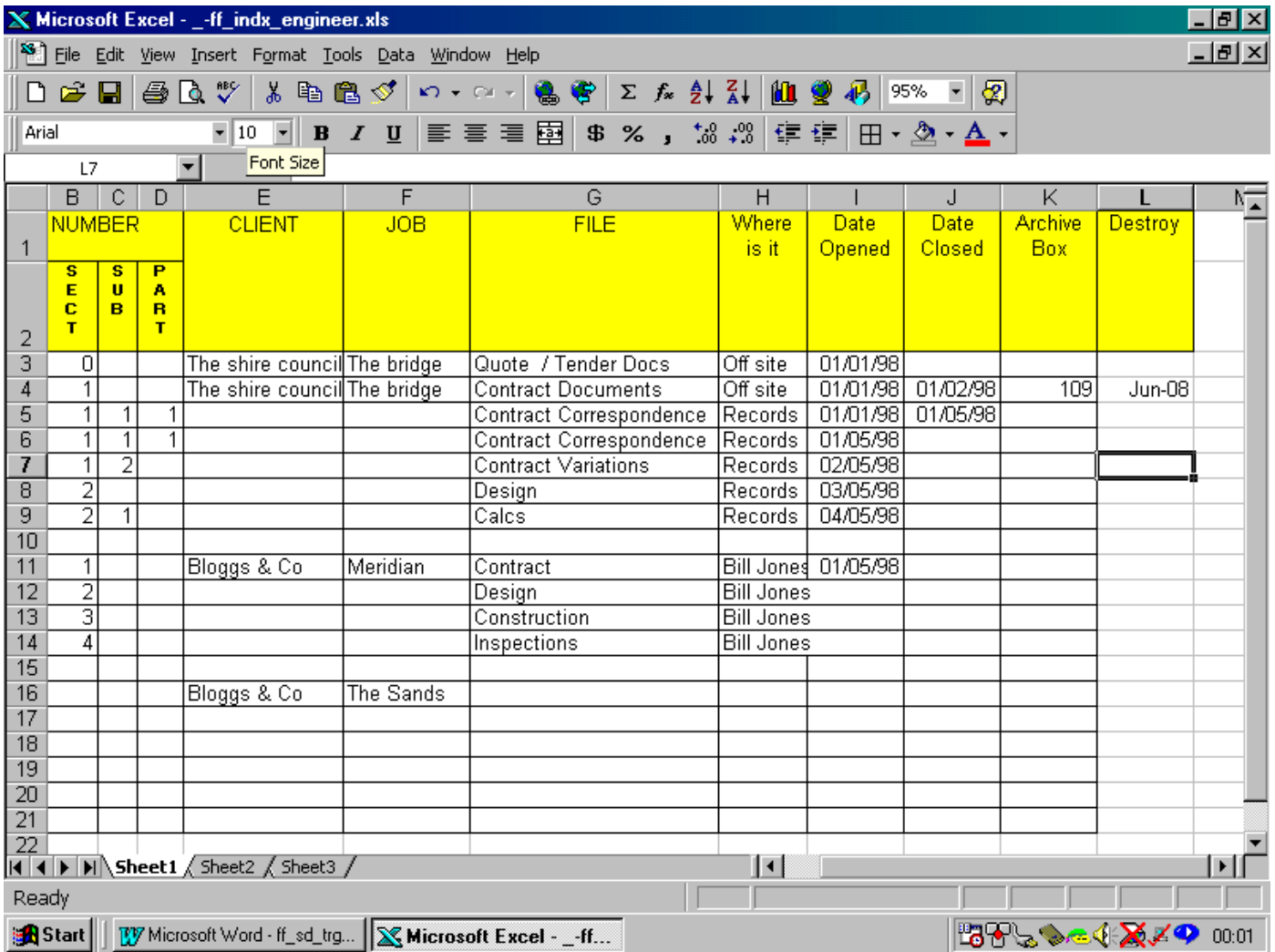


**Fig 2 ACCOUNTING FILE COVER LAYOUT**



SIDE ELEVATION OF FOLDER ACTIVE ACCOUNTING FILES.  
SHOWS A YEAR LABEL AND USE OF PRINTED LABEL

**Table 5 – Sample layout for Spreadsheet file index.**



| 1  | NUMBER  |       |         | CLIENT            | JOB        | FILE                    | Where is it | Date Opened | Date Closed | Archive Box | Destroy |
|----|---------|-------|---------|-------------------|------------|-------------------------|-------------|-------------|-------------|-------------|---------|
| 2  | S E C T | S U B | P A R T |                   |            |                         |             |             |             |             |         |
| 3  | 0       |       |         | The shire council | The bridge | Quote / Tender Docs     | Off site    | 01/01/98    |             |             |         |
| 4  | 1       |       |         | The shire council | The bridge | Contract Documents      | Off site    | 01/01/98    | 01/02/98    | 109         | Jun-08  |
| 5  | 1       | 1     | 1       |                   |            | Contract Correspondence | Records     | 01/01/98    | 01/05/98    |             |         |
| 6  | 1       | 1     | 1       |                   |            | Contract Correspondence | Records     | 01/05/98    |             |             |         |
| 7  | 1       | 2     |         |                   |            | Contract Variations     | Records     | 02/05/98    |             |             |         |
| 8  | 2       |       |         |                   |            | Design                  | Records     | 03/05/98    |             |             |         |
| 9  | 2       | 1     |         |                   |            | Calcs                   | Records     | 04/05/98    |             |             |         |
| 10 |         |       |         |                   |            |                         |             |             |             |             |         |
| 11 | 1       |       |         | Bloggs & Co       | Meridian   | Contract                | Bill Jones  | 01/05/98    |             |             |         |
| 12 | 2       |       |         |                   |            | Design                  | Bill Jones  |             |             |             |         |
| 13 | 3       |       |         |                   |            | Construction            | Bill Jones  |             |             |             |         |
| 14 | 4       |       |         |                   |            | Inspections             | Bill Jones  |             |             |             |         |
| 15 |         |       |         |                   |            |                         |             |             |             |             |         |
| 16 |         |       |         | Bloggs & Co       | The Sands  |                         |             |             |             |             |         |
| 17 |         |       |         |                   |            |                         |             |             |             |             |         |
| 18 |         |       |         |                   |            |                         |             |             |             |             |         |
| 19 |         |       |         |                   |            |                         |             |             |             |             |         |
| 20 |         |       |         |                   |            |                         |             |             |             |             |         |
| 21 |         |       |         |                   |            |                         |             |             |             |             |         |
| 22 |         |       |         |                   |            |                         |             |             |             |             |         |

Use "FIND" on the Edit Menu to find any word in the spreadsheet.

## **FIG 5 - LEVER ARCH FILE AND LABEL**

The outside label of the folder should be clear and concise – Always place the number on top to make easy shelf organisation and recognition by the user and filing clerk. Place the full name of the client and the part of the job on the folder, as these will probably go to archives intact and at a later date if they are retrieved the full information is known from the file label.

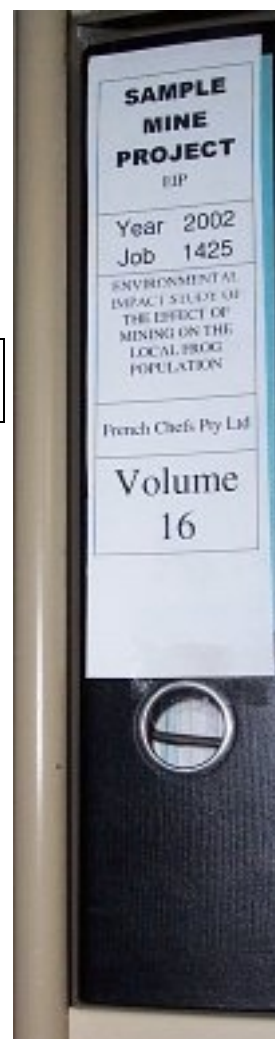
Use such programs as Publisher or Avery Label Maker to produce the labels.

Blank Lever Arch File labels are available from Avery Denison through your stationer.

|   |
|---|
| <p><b>DIVIDE EACH FOLDER USING TABS</b></p> |
|---|

|   |
|---|
| <p>(Don't have a folder with only two pieces of paper in it.)</p> |
|---|

When the folders becomes too full - don't start another with the same tabs, start another folder and remove the last two tabs to the new folder to allow expansion of the contents – and change the label on the cover of the LAF



## **FIG 6 – OPEN SHELVING**

Colour coded lateral file folders and Lever Arch /Two-ring Binders fit best into open shelving which will give



you a better storage ratio than the drawer style cabinets.