

SAMPLE DOCUMENT RETENTION POLICY

From the January/February 2006 Fraud Magazine column "Fraud & The Law"
By Juliana Morehead <http://acfe.com/fraud/view.asp?ArticleID=500>

This is only a SAMPLE DOCUMENT RETENTION POLICY ("DRP"), and is NOT LEGAL ADVICE. It is only an example of a general DRP and should not be used without revision to meet the particular administrative and legal needs of your organization. There are many federal, state and local laws that require organizations to retain documents for a certain period of time that may not be represented in this sample policy. All companies should contact counsel licensed to practice law in their state before implementing a DRP.

I. Purpose

To ensure the most efficient and effective operation of ORGANIZATION ("Organization"), we are implementing this Document Retention Policy ("DRP" or "policy"). The records of Organization and its subsidiaries are important to the proper functioning of Organization. Our records include virtually all of the records you produce as an Organization employee. Such records can be in electronic or paper form. Thus, items that you may not consider important, such as interoffice emails, desktop calendars and printed memoranda are records that are considered important under this policy. If you are ever uncertain as to any procedures set forth in this policy (e.g., what records to retain or destroy, when to do so, or how) it is your responsibility to seek answers from Organization's DRP Manager.

The goals of this DRP are to:

1. Retain important documents for reference and future use;
2. Delete documents that are no longer necessary for the proper functioning of Organization;
3. Organize important documents for efficient retrieval; and
4. Ensure that you, as an Organization employee, know what documents should be retained, the length of their retention, means of storage, and when and how they should be destroyed.

Federal and state laws require Organization to maintain certain types of records for particular periods. Failure to maintain such records could subject you and Organization to penalties and fines, obstruct justice, spoil legal evidence, and/or seriously harm Organization's position in litigation. Thus, it is imperative that you fully understand and comply with this, and any future records retention or destruction policies and schedules, *UNLESS* you have been notified by Organization, or if you believe that (1) such records are or could be relevant to any future litigation, (2) there is a dispute that could lead to litigation, or (3) Organization is a party to a lawsuit, in which case you *MUST PRESERVE* such records until Organization's legal counsel determines that the records are no longer needed.

"Records" discussed herein refers to all business records of Organization (and is used interchangeably with "documents"), including written, printed, and recorded materials, as well as electronic records (i.e., emails and documents saved electronically). All business

records shall be retained for a period no longer than necessary for the proper conduct and functioning of Organization. No business records shall be retained longer than five (5) years, *EXCEPT* those that (1) have periods provided for herein, (2) are in the Document Retention Schedule, found at Appendix “A”, or (3) are specifically exempted by Organization’s DRP Manager.

II. Management

To ensure compliance with this DRP, Organization’s DRP Manager is responsible for the following oversight functions:

- Implementing the DRP;
- Ensuring that employees are properly educated, understand, and follow the DRP’s purpose;
- Providing oversight on actual retention and destruction of documents;
- Ensuring proper storage of documents;
- Periodically following-up with counsel to ensure proper retention periods are in place;
- Ensuring the proper storage of documents;
- Suspending the destruction of documents upon foreseeable litigation; and
- Keeping corporate officers, directors, and employees apprised of changes in relation to the DRP.

Organization’s DRP Manager shall annually review the DRP, modify it accordingly, and inform and educate all Organization employees on any such changes. All questions relating to document retention and/or destruction should be directly addressed to Organization’s DRP Manager.

III. Types of Records

Appendix “A”, attached at the end of this DRP, lists several categories of records, as well as specific records that contain specific retention periods. This is referred to as a Document Retention Schedule (“DRS”). All records not provided for in the DRS or described herein, shall be classified into three types, (1) Temporary Records, (2) Final Records, and (3) Permanent Records.¹

Temporary Records

Temporary records include all business documents that have not been completed. Such include, but are not limited to written memoranda and dictation to be typed in the future, reminders, to-do lists, report, case study, and calculation drafts, interoffice correspondence regarding a client or business transaction, and running logs

¹ See Ashcraft, H. of Hanson, Bridgett, Marcus, Vlahos & Rudy, LLP., Document Retention: Guidelines for Managing Project Files, February 2002. Available at <http://terrarrg.com/images/pdfs/DocumentRetention.pdf>.

Temporary records can be destroyed, or permanently deleted if in electronic form (see protocol below for proper destruction of data in electronic form) when a project/case/file closes. Upon the closing of a project/case/file, gather and review all such temporary records. Before you destroy or permanently delete these documents, make sure you have duplicates of all the final records pertaining to the project/case/file. Upon destruction or deletion, organize the final records (and duplicates) in a file marked "FINAL" and store them appropriately.

Final Records

Final records include all business documents that are not superseded by modification or addition. Such include, but are not limited to: documents given (or sent via electronic form) to any third party not employed by Organization, or government agency; final memoranda and reports; correspondence; handwritten telephone memoranda not further transcribed; minutes; design/plan specifications; journal entries; cost estimates; etc. All accounting records shall be deemed final.

Except as provided for in the DRS, all final documents are to be discarded ten (10) years after the close of a project/case/file.

Permanent Records

Permanent records include all business documents that define Organization's scope of work, expressions of professional opinions, research and reference materials. Such include, but are not limited to contracts, proposals, materials referencing expert opinions, annual financial statements, federal tax returns, payroll registers, copyright registrations, patents, etc.

Except as provided for in the Document Retention Schedule (Appendix "A"), all permanent documents are to be retained indefinitely.

Accounting and Corporate Tax Records

Accounting and corporate tax records include, but are not limited to: financial statements; ledgers; audit records; invoices and expense records; federal, state, and property tax returns; payroll; accounting procedures; gross receipts; customer records; purchases; etc.

Unless otherwise specified in the DRS, such records should be retained for the minimum of six (6) years or until the statute of limitations for a particular record expires (please consult Organization's counsel for time periods if you manage/control such records).

Workplace Records

Workplace records include, but are not limited to Articles of Incorporation, bylaws, meeting minutes, deeds and titles, leases, policy statements, contracts and agreements, patents and trademark records, etc.

Unless otherwise specified in the DRS, such records should be retained in perpetuity.

Employment, Employee, and Payroll Records

Employment records include, but are not limited to job announcements and advertisements; employment applications, background investigations, resumes, and letters of recommendation of persons not hired; etc.

Unless otherwise specified in the DRS, such records should be retained for the minimum of one (1) year.

Employee records include, but are not limited to employment applications, background investigations, resumes, and letters of recommendation of current and past employees, records relating to current and past employee's performance reviews and complaints, etc.

Unless otherwise specified in the DRS, such records should be retained for the minimum of three (3) years following unemployment with Organization.

Payroll records include, but are not limited to wage rate tables; salary history; current rate of pay; payroll deductions; time cards; W-2 and W-4 forms; bonuses; etc.

Unless otherwise specified in the DRS, such records should be retained for the minimum of six (6) years.

Bank Records

Bank records include, but are not limited to bank deposits; check copies; stop payment orders; bank statements; check signature authorizations; bank reconciliations; etc.

Unless otherwise specified in the DRS, such records should be retained for the minimum of three (3) years.

Legal Records

Legal records include, but are not limited to all contracts, legal records, statements, and correspondence, trademark and copyright registrations, patents, personal injury records and statements, press releases, public findings, etc.

Unless otherwise specified in the DRS, such records should be retained for the minimum of ten (10) years.

Historical Records

Historical records are those that are no longer of use to Organization, but by virtue of their age or research value may be of historical interest or significance to Organization.

Historical records should be retained indefinitely.

IV. Storage

Tangible Records

Tangible records are those in which you must physically move to store, such as paper records (including records printed versions of electronically saved documents), photographs, audio recordings, advertisements and promotional items. Active records and records that need to be easily accessible may be stored in Organization's office space or equipment. Inactive records can be sent to Organization's off-site storage facility.

Electronic Records

Electronic mail ("E-mail") should be either printed and stored as tangible evidence, or downloaded to a computer file and kept electronically or on a disk.

Organization has computer software that duplicates files, which are then backed-up on central servers. If you have a notebook computer from Organization that you work on out of the office, your computer contains synchronization software that duplicates and backs-up files when you log into the network. However, it is important that all employees take precautionary measures to save work and records on Organization's network drive.

If you save sensitive or important records on computer disks, you should duplicate the information in an alternate format because disks are easily lost or damaged.

V. Destruction/Deletion

Tangible Records

Tangible records should be destroyed by shredding or some other means that will render them unreadable. If you have a record that you do not know how to destroy, such as a photograph, compact disk, or tape recording, ask the advice of Organization's DRP Manager.

Electronic Records

E-mail records that you "delete" remain in Organization's system. Thus, Organization's information technology ("IT") department will be responsible for permanently removing deleted emails from the computer system.

Deleting files and emptying the recycling bin is usually sufficient in most circumstances to get rid of a record. However, because electronic records can be stored in many locations, Organization's IT department will be responsible for permanently removing deleted files from the computer system.

Keep in mind, where duplicate records are involved, both copies must be destroyed/deleted where proper.

VI. Cessation of Record Destruction/Deletion

If a lawsuit is filed or imminent, or a legal document request has been made upon Organization, ALL RECORD DESTRUCTION MUST CEASE IMMEDIATELY. Organization's DRP Manager may suspend this DRP to require that documents relating to the lawsuit or potential legal issue(s) be retained and organized. A critical understanding of this section is imperative. Should you fail to follow this protocol, you and/or Organization may be subject to fines and penalties, among other sanctions.

VII. Acknowledgement

I have read and understand the purpose of this DRP. I understand that strict adherence to this DRP is a condition of my employment with Organization. If I do not understand something regarding this DRP, I will contact Organization's DRP Manager immediately for clarification. I agree to abide by Organization's DRP.

Employee's Signature

Date

Employee's Name (print)

SAMPLE DOCUMENT RETENTION SCHEDULE

This is only a SAMPLE DOCUMENT RETENTION SCHEDULE (“DRS”), and is NOT LEGAL ADVICE. There are many federal, state and local laws that require organizations to retain documents for a certain period of time that may be different in your state (or different to your particular industry), or that may not be represented in this sample policy. All companies should contact counsel licensed to practice law in their state for proper retention periods.

TYPE OF RECORD	SPECIFIC RECORD	SUGGESTED RETENTION PERIOD
Accounting Records		
	Annual financial statements	Permanent
	Monthly financial statements	3 years
	General ledger	20 years
	Annual audit records	10 years
	Journal entries	8 years
	Special reports	8 years
	Canceled checks	8 years
	A/P paid invoices	8 years
	Business expense records	8 years
	Credit card receipts	3 years
	Cash receipts	3 years
	A/R invoices	8 years
	Data for acquired/divested	Permanent
	Data for nonacquired/nondivested	5 years
	Accounts payable	7 years
	Accounts receivable	7 years
	Audit reports	7 years
	Chart of accounts	Permanent
	Expense records	7 years
	Inventory records	7 years
	Loan documents	7 years after final payment
	Purchase orders	7 years
	Sales records	7 years
	Stop payment orders	3 years
	Bank reconciliations	3 years
Tax Records		
	Federal tax returns (not payroll)	Permanent
	State & local tax returns	Permanent
	Form 990 & supporting documentation	Permanent

	Form 990-T & supporting documentation	Permanent
	Supporting documentation for taxes	4 years
	City & State excise tax reports & supporting documentation	5 years (or longer if designated by state law)
	Unclaimed property filings & supporting documentation	6 years (or longer if designated by state law)
	1099 forms	8 years
	Magnetic tape & similar records	1 year
	Payroll taxes (W2, W3)	Permanent
	Payroll taxes (Form 941, state withholding forms, state unemployment returns)	8 years (or longer if designated by state law)
Payroll Records		
	Wage rate tables	3 years
	Cost of living tables	3 years
	Wage	6 years
	Salary	6 years
	Payroll deductions	6 years
	Time cards or forms	5 years
	W-2 forms	8 years
	W-4 forms	8 years
	Garnishments	4 years following unemployment
	Payroll registers	Permanent
	State employment forms	4 years
	State unemployment tax records	Permanent
	Cancelled payroll checks	8 years
	Deductions register	8 years
	Earnings records	8 years
	Changes or adjustments to salary	8 years
Insurance Records		
	Policies (including expired)	Permanent
	Claims for loss/damage, accident reports, appraisals	5 years
Workplace Records		
	Incorporation & reorganization records	Permanent

	(Articles of Incorporation, Bylaws, etc)	
	Meeting minutes	Permanent
	Policy statements	10 years
	Employee directories	5 years
Legal Records		
	General Contracts	3 years after termination
	Real estate contracts & records	20 years – Permanent
	Personal injury records	8 years
	Trademark registration	Permanent
	Copyright registration	Permanent
	Patents	Permanent
	Litigation claims	5 years following close of case
	Court documents & records	5 years following close of case
	Deposition transcripts	5 years following close of case
	Discovery materials	3 years following close of case
	Leases	6 years after termination
Personnel Records		
	Employment applications (persons not hired)	1 year
	Employment applications (persons hired)	3 years following employment
	Employee resumes & employment history	3 years following employment period
	Evaluations	3 years following employment
	Promotions, raises, reclassifications & job descriptions	5 years following employment
	Disciplinary warnings, demotion, lay-off & discharge	5 years following employment
	Employment & termination agreements	Permanent
	Promotions & raises	3 years following employment
	Beneficiary information	3 years following employment
	Medical and safety records	6 years

	Accident reports	6 years
	Education assistance	While employed
	Sick leave benefits	While employed
	Retirement plans (after expiration)	6 years
	Incentive plans (after expiration)	6 years
	Pension plans (after expiration)	6 years