



Record Management, Retention, and Disposition Policy Template

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Record Management, Retention, and Disposition Policy

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Overview

Record Retention Implications Sarbanes-Oxley Sections 302, 404, and 409

A record is essentially any material that contains information about your company's plans, results, policies or performance. In other words, anything about your company that can be represented with words or numbers can be considered a business record – and you are now expected to retain and manage every one of those records, for several years or even permanently depending on the nature of the information. The need to manage potentially millions of records each year creates many new challenges for your business, and especially for your IT managers who must come up with rock-solid solutions to securely store and manage all this data.

SOX - Section 302

Section 302 pertains to corporate responsibility for financial reports, and requires that the CEO and CFO personally stand behind the accuracy of their company's quarterly and annual financial statements. To do so, senior management needs to be very confident in the financial documentation that is flowing through the company. In order for the CEO and CFO to certify that the financial statements are correct, systems must be in place to pull together all of the business performance data from all across the company – even if that data resides in various countries, departments, business units, and/or in separate data centers or on different networks.

All of the business information must unite into one comprehensive and accurate financial view of the business. Typically, all of the divisions and departments within a company submit data that is roll up the ladder to the corporate accounting or controller's office, where the data is further consolidated into a quarterly or annual financial statement awaiting the CFO's sign-off. Several versions of these reports and spreadsheets may flow back and forth as the final numbers are revised. All of these spreadsheets, as well as all of the documents and Emails that were used to arrive at the financial conclusions, are considered records under SOX.

They must all be retained, and they all are auditable. Before the CEO and CFO sign off on the company's financial statements, they need to be sure there is a process in place to manage all the records that were used to generate the financial statements. The CEO and CFO are on the line, and they face severe penalties if serious errors or fraud finds their way into the financial reporting and communications about them by the CEO and CFO.

SOX - Section 404

Section 404 requires that annual reports contain a discussion of the effectiveness of internal controls. These place major responsibility on the CFO, the company's main compliance gatekeeper. And on the company's external auditors who must provide a public opinion about the reliability and effectiveness of the company's internal controls. What is an internal control? These are not only policies and processes – an internal control may also include the company's IT systems and records retention technologies. A lack of good records retention or document management technology might imply a serious lack of reasonable internal controls to an auditor or an investigator.

SOX does not spell out technology requirements for records retention, but it does clearly imply that companies are expected to exercise strong control over all the records and information that is used to produce financial reports. And again, this is not limited to financial spreadsheets in the accounting department. It extends to marketing and sales reports, internal memos, and even instant messaging, and just about every type of file produced by your employees.

Primary list of Records to Be Retained

There are hundreds of document types that may factor into an investigation or legal action. Such records are assumed to be searchable and quickly available upon request, under the rules of SOX. This even applies to less official types of records, like Emails or instant messages.

Some of the records types and retention time periods for physical and/or electronic records are:

Record Types	Retention Period
Accounts payable ledger	7 years
Accounts receivable ledger	7 years
Audit reports of accountants	Permanently
Bank statements	7 years
Capital stock and bond records	Permanently
Charts of accounts	Permanently
Contracts and leases	Permanently
Correspondence (legal)	Permanently
Deeds, mortgages, bill of sale	Permanently
Employee payroll records	Permanently
Employment applications	3 years
Inventory records (products)	7 years
Insurance records	Permanently
Invoices to customers	5 years
Invoices from vendors	5 years
Patents	Permanently
Payroll records and tax returns	7 years
Purchase orders	5 years
Safety records	6 years
Time cards and daily reports	7 years
Training manuals	Permanently
Union agreements	Permanently

See the Appendix for a fuller list of document types and retention periods.

What ENTERPRISE Should Do

First and foremost, ENTERPRISE should have a written policy devoted to data retention. The record management, retention, and destruction policy should cover the following:

- Purpose of the policy
- Who is affected by this policy
- What type of data and electronic systems are covered by this policy
- Define key terms especially legal and technical terminology
- Describe the requirements in detail from the legal, business and personal perspective
- Outline the procedures for ensuring data is properly retained
- Outline the procedures for ensuring data is properly destroyed
- Clearly document the litigation exception process and how to respond to discovery requests
- List the responsibilities of those involved in data retention activities
- Build a table showing the information type and it corresponding retention period
- Document the specific duties of a central/corporate data retention team if one exists
- Appendix for additional reference information

Email to be printed

- Any document with a retention schedule of three years or more
- Any document that is scheduled to go to the Archives

Regulations and Industry Impact

<i>Regulation</i>	<i>Industry Impacted</i>	<i>Retention Implications</i>	<i>Penalties</i>
Sarbanes-Oxley	All publically-traded companies	Audit records must be maintained for 7 years AFTER the audit	Fines up to \$5,000,000 & imprisonment up to 20 years
Section 17a-4	Financial Services	Email records must be kept for 3 years, trading records thru the end of the account plus 6 years	Case by case
HIPAA	Healthcare	Hospital records must be kept for 5 years, medical records for the life of the patient plus 2 years	Fines up to \$250,000 & imprisonment up to 10 years
FERPA	Education	Protects the privacy of student education records.	Students may seek to hold the Institution or individuals liable under other statutes or common law tort theories
Gramm-Leach-Bliley (GLB)	Financial Services	The Financial Privacy Rule requires financial institutions to provide each consumer with a privacy notice at the time the consumer relationship is established and annually thereafter	Fines up to \$100,000 for each violation, officers and directors can be fined up to \$10,000 for each violation, and imprisonment for up to 5 years, a fine, or both

Regulations and Industry Impact Table

General Record Retention and Disposition Schedule – Personnel Records

This Schedule applies to records in all media, unless otherwise specified.

- Items – a sample listing of items found within a series. Other related records not listed may also be part of a series.
- Disposition – all dispositions are minimum requirements and include, where applicable, transfer to the custody of ENTERPRISE Archives for appraisal and final disposition.
- Destruction – takes place in the office. Any record with confidential or sensitive information shall be properly destroyed by shredding or by means to ensure that the records cannot be physically recreated.
- Original and Reference Copy – original copy (also known as a record copy) is the official authorized copy kept by the office charged with creating or maintaining the record copy. Reference copies (also known as convenience copies) are preserved for the convenience of reference or ease of access.

No destruction of records may take place if litigation or audits are pending or reasonably anticipated or foreseeable.

Class ID	Class Title	Class Description	Items	Disposition
PI-1	Alcohol and Drug Abuse Program	Records concerning alcohol and drug abuse rehabilitation program		Destroy in office after 3 years.
PI-2	Affirmative Action and Equal Opportunity (EEO)	Enterprise participation in federal and state affirmative action / equal opportunity programs.	correspondence, regulations, guidelines, reports, directives, recruitment plans, equal opportunity statements, fulltime and part-time actions employment reviews, procedures	Original: Transfer policies, guidelines, correspondence, affirmative action plans and compliance reviews to archives after 5 years. Destroy in office remaining records after 5 years. Reference: Destroy in office after 5 years.
PI-3	Employment History	Complete history of employee's service.	forms, reports, correspondence	Transfer to appropriate individual personnel file when completed.
PI-4	Applications for Employment		applications, resumes, vitae, recommendations, correspondence, other related records	Original: Transfer applications and other records for individuals hired to appropriate personnel file when individual accepts position. Destroy in office applications and other records that are not solicited and for individuals not hired 3 years after date of receipt, if no charge of discrimination has been filed. If charge has been filed, destroy 1 year after resolution of charge. Reference: Destroy in office when employment decision is made.
PI-5	Disciplinary Actions	Disciplinary actions brought against employees	correspondence, forms	Original: Destroy in office 5 years after final resolution. Destruction after final resolution may occur earlier if permitted by state law. Reference: Destroy in office when reference value ends.
PI-6	Disability Salary Continuation Claim	Claims completed by disabled employees	applications for salary continuation, claim forms	Original: Transfer to dept handling disability claim. Reference: Transfer to appropriate individual personnel file.

Appendix – Document Retention Time Periods

	Years										
	1	2	3	4	5	6	7	8	9	10	PERM
Accounting Records											
Bank statements, reconciliations & deposit slips											
Dividend checks (canceled)											
Expense reports											
Monthly/interim financial statements											
Inventory count & costing sheets											
Fixed asset acquisition invoices (after disposal)											
Accounts payable ledgers (computer runs)											
Accounts receivable ledgers (computer runs)											
Cash books & cash register tapes											
Subsidiary ledgers											
Monthly trial balances											
Checks											
Payroll (individual time report & earnings records)											
Vouchers											
Audit reports											
General ledgers & journals											
Annual financial statements											
Income tax returns & work papers											
Payroll tax returns & W-2's											
Corporate Records											
Mortgages, notes & leases (after expiration)											
Bylaws, charter & minute books											
Checks (taxes, property & fulfillment contracts)											
Contracts & agreements (after termination)											
Copyrights, trademark & patent registrations											
Deeds & easements											
Partnership agreements or corporate documents											
Labor contracts											
Capital stock & bond records											
Patents											
Proxies											
Retirement & pension records											
Correspondence											
General											
License, traffic & purchase											
Production											
Legal											
Insurance											
Policies (after expiration)											
Accident reports											
Fire inspection reports											
Group disability records											
Safety reports											
Claims (after settlement)											

Version History

Version 1.2 – February 2010

- Updated Job Description Manager Record Administration
- Added Record Management Best Practices
- Updated Regulations and Impact Section

Version 1.1 – October 2008

- Expanded Email Retention and Destruction Section
- Added Document Retention and Destruction Table in Appendix

Version 1.0 – September 2008