

4.4 Records Retention Policy

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The purpose of this policy is to provide a system for complying with record retention laws, ensure that the IAFN retains valuable documents, saves money, time and space, protect the organization against allegations of selective document destruction, and provide for routine destruction of non-business, superfluous, and outdated documents.

The IAFN has a legal duty to retain records which it knows or believes may be relevant to any legal action. Such records also include those that could lead to discovery of admissible evidence. Accordingly, all record destruction is automatically suspended when a lawsuit, claim, or government investigation is pending, threatened or reasonably foreseeable. In such a case, paper record destruction, as well as electronic destruction must cease immediately. In the case of electronic destruction, the system administrator is responsible for ensuring that any automatic destruction program is disabled and, along with the Chief Executive Officer, reviewing all electronic systems that contain documents potentially relevant to the litigation or claim.

Document scanning is often the most effective and efficient means for retaining certain types of records. If scanned, electronic records must exhibit a high degree of legibility and readability. Scanned documents must be stored in the IAFN File Server in a manner any reasonable person should be able to find. Scanned documents must be labeled in a manner that is easy to understand.

All of IAFN's electronic files shall be centralized through one system protected through security passwords, variable user permission settings and storage bit encryption of a minimum of 256bit. Electronic files will also have sufficient backup copies made to prevent catastrophic loss of files.

Emails

Emails, including attachments, are subject to the same records retention requirements that apply to any other electronic or non-electronic records. Any email sent or received may be deleted after 30 days unless the email is subject to a records retention requirement, public records request or legal hold. If within that 30-day period a sent or received email becomes subject to a records retention requirement, public records request or legal hold then it cannot be deleted unless the requirement, request, or hold is lifted before the end of the period.

Most email is created primarily for routine communication or information exchange. These messages should be considered **transitory** messages that do not have **lasting value** (defined below) and should be:

1. Read and promptly deleted; or

2. Read and retained for no longer than 30 days or until their usefulness has ended (whichever occurs first), and then promptly deleted; or
3. Read and moved off the email software when job requirements necessitate retention for periods longer than 30 days, and then promptly deleted when their usefulness has ended.

When the contents of an email exhibits one or more of the following characteristics, it should be classified as having **lasting value**:

- Has **operational** value (required to perform its primary function)
 - Administrative actions taken or planned
 - Reports or recommendations
 - Policies, procedures, guidelines, rubrics, or templates
- Has **legal** or evidential value (required to be kept by law)
 - Falls within a litigation hold or internal investigation
- Has **fiscal** value (related to the financial transactions of the organization)
 - Required for financial reporting and audits
- Has **historical** significance (of long-term value to document past events)
 - May arise from some significant historical event
- Has **vital** value (critical to maintain to ensure operational continuity after a disruption or disaster)
 - Vital records or information may fall into any one of the above value categories

Since email is not designed to be records retention or document management systems, emails that have **lasting value** should:

1. Be moved to dedicated storage on the office document file systems; and
2. **Not** be stored within individual users' email folders/files.

Employees shall purge all archived emails that have no lasting value on an annual basis if not done sooner.

Questions about the proper classification (**transitory** or **lasting value**) of a specific message, record, or piece of information should be directed to the employee's supervisor.

This policy applies to all email accounts provided by IAFN.

<u>Retention Period</u>	
Accident reports/claims (settled cases).....	7 years
Accounts payable ledgers and schedules.....	7 years
Accounts receivable ledgers and schedules.....	7 years
Audit reports.....	Permanently
Bank reconciliations.....	3 years
Bank statements.....	3 years
Cash books.....	Permanently
Chart of accounts.....	Permanently
Checks (canceled-see exception below).....	3 years
Checks (canceled for important payments, i.e., taxes, purchases of property, special contracts, etc. Checks should be filed with the papers pertaining to the underlying transaction).....	Permanently
Contracts, mortgages, notes and leases (expired).....	7 years
(still in effect).....	Permanently
Correspondences (general).....	2 years
Correspondence (legal and important matters only).....	Permanently
Correspondence (routine) with customers and/or vendors.....	2 years
Deeds, mortgages and bills of sale.....	Permanently
Depreciation schedule.....	Permanently
Duplicate deposits slips.....	2 years
Employment applications.....	3 years
Expense analyses/expense distribution schedules.....	7 years
Financial statements (year-end, other optional).....	Permanently
Garnishments.....	7 years
General/private ledgers, year-end trial balance.....	Permanently
Insurance policies (expired).....	3 years
Insurance records, current accident reports, claims, policies, etc.	Permanently
Internal audit reports (longer retention periods may be desirable).....	3 years
Internal reports (miscellaneous).....	3 years
Inventories of products, materials and supplies.....	7 years
Invoices (to customers, from vendors).....	7 years
Journals.....	Permanently
Magnetic tape and tape cards.....	1 year
Minute books of directors, stockholders, bylaws and charter.....	Permanently

<u>Retention Period</u>	
Notes receivable ledgers and schedules.....	7 years
Option records (expired).....	7 years
Patents and related papers.....	Permanently
Payroll records and summaries.....	7 years
Personnel files (terminated).....	7 years
Petty cash vouchers.....	3 years
Physical inventory tags.....	3 years
Plant cost ledgers.....	7 years
Property appraisals by outside appraisers.....	permanently
Property records, including costs, depreciation reserves, year-end trial balances, depreciation schedules, blueprints, and plans.....	Permanently
Purchase orders (except purchasing department copy).....	1 year
Purchase orders (purchasing department copy).....	7 years
Receiving sheets.....	1 year
Retirement and pension records.....	Permanently
Requisitions.....	1 year
Sales commission reports.....	3 years
Sales records.....	7 years
Scrap and salvage records (inventories, sales, etc.).....	7 years
Stenographers' notebooks.....	1 year
Stock and bond certificates (canceled).....	7 years
Stockroom withdrawal forms.....	1 year
Subsidiary ledgers.....	7 years
Tax returns and worksheets, revenue agents' reports and other documents relating to determination of income tax liability.....	Permanently
Time books/cards/software files.....	7 years
Trademark registrations and copyrights.....	Permanently
Training manuals.....	Permanently
Union agreements.....	Permanently
Voucher register and schedules.....	7 years
Vouchers for payments to vendors, employees, etc. (includes allowances and reimbursement of employees, officers, etc. for travel and entertainment expenses).....	7 years
Withholding tax statements.....	7 years