

The American Ceramic Society



APPENDIX 2: RECORD RETENTION AND DOCUMENT DESTRUCTION POLICY AND PROCEDURES

RECORD RETENTION AND DOCUMENT DESTRUCTION POLICY AND PROCEDURES

1. Purpose

Record retention and document destruction are distinct, but complementary issues. Record retention balances the need for an organization to maintain accurate and appropriate files with the challenge of limited physical and electronic space for archives. All businesses need to keep documents that preserve institutional history for strategic planning, regulatory compliance and legal purposes.

The Sarbanes-Oxley Act of 2002 forbids purging of documents when any organization – nonprofit or for-profit – is under federal investigation. Document destruction policies provide guidelines for the proper disposal of records and prevent destruction of relevant documentation if the organization is involved in litigation.

It is a federal crime to alter, cover up, falsify or destroy any document to prevent its use in an official proceeding. Retention and destruction policies are helpful under any circumstances. When already in place, these policies not only help nonprofits retain appropriate historical and legal documentation, but they also clarify the steps to take if a federal investigation ever takes place.

2. Document Retention

The SOCIETY shall retain records for the period of their immediate or current use, unless longer retention is necessary for historical reference or to comply with contractual or legal requirements. This policy contains guidelines for how long certain documents, regardless of physical form, should be kept and how records should be destroyed. The policy is designed to ensure compliance with federal and state laws and regulations, to eliminate accidental or innocent destruction of records and to facilitate The SOCIETY'S operations by promoting efficiency and freeing up valuable storage space. Records and documents outlined in this policy include paper, electronic files (including e-mail) and voicemail records regardless of where the document is stored, including network servers, desktop, laptop or handheld computers and other wireless devices with text messaging capabilities.

The SOCIETY takes seriously its obligations to preserve information relating to litigation, audits and investigations. This policy provides for the systematic review, retention and destruction of documents received or created by The SOCIETY in connection with the transaction of organization business.

3. Record Retention Requirements

Each of the following Document Types shall be retained for the indicated period of time.

Annual Audits and Financial Statements	Permanently
Articles of Incorporation	Permanently
Bank deposit records	3 years
Bank statements and reconciliations	3 years
Board Meeting and Board Committee Minutes	Permanently
Board Policies/Resolutions	Permanently
Business Expense Records	7 years
Cash receipts	3 years
Check registers	7 years
Contracts, mortgages, leases, notes (after expiration)	7 years
Contracts, mortgages, leases, notes (still in effect)	Permanently
Copyright registrations & assignments	Permanently
Constitution, Bylaws, Rules and Procedures Manual	Permanently
Correspondence (employment related)	2 years
Correspondence (formal for customers and vendors)	2 years
Correspondence (legal, tax, and regulatory matters)	Permanently
Deeds, real estate and construction documents	Permanently
Depreciation schedules	Permanently
Donor funds	7 years
Employee earnings records	7 years
Employment Applications	3 years
Fixed Asset records	Permanently
General Ledgers	10 years
Insurance Policies, records, claims (expired)	3 years
Insurance Policies, records, claims (still in effect)	Permanently
Inventory records	7 years
Investment records statements	7 years
Invoices	7 years

IRS 1099s (issued)	7 years
IRS 990 and 990-T Tax Returns	Permanently
IRS Application for Tax-Exempt Status (Form 1023)	Permanently
IRS Determination Letter	Permanently
Journal Entries	7 years
Other non-payroll tax returns	Permanently
Payroll registers	7 years
Payroll tax returns	7 years
Personnel files (active employees)	Term of Employment
Personnel files (terminated employees)	7 years
Retirement and Pension Plan Documents	Permanently
Salary Schedules	5 years
Sales and order records	3 years
State sales tax exemption letters	Permanently
Time Sheets/Cards	7 years
Trademark and Name Registrations	Permanently
W-2 Statements	7 years
Wire, ACH Documents	3 years

4. Electronic Documents and Records

Electronic documents will be retained as if they were paper documents. Therefore, any electronic files, including records of donations made online, that fall into one of the document types on the above schedule will be maintained for the appropriate amount of time. If a user has sufficient reason to keep an email message, the message should be printed in hard copy and kept in the appropriate file. Backup and recovery methods will be tested on a regular basis.

5. Emergency Planning

The SOCIETY'S records will be stored in a safe, secure and accessible manner. Documents and financial files that are essential to keeping ACerS operating in an emergency will be duplicated or backed up at least every week and maintained off site.

6. Document Destruction

The SOCIETY Executive Director is responsible for the ongoing process of identifying its records which have met the required retention period and overseeing their destruction. Destruction of financial and personnel-related documents will be accomplished by shredding.

When necessary, the Executive Director may issue a "legal hold" suspending the destruction of any records due to pending, threatened or otherwise reasonably foreseeable litigation, audit, investigation or similar proceeding. No records specified in any legal hold may be destroyed, even if the scheduled destruction date has passed, until the legal hold is withdrawn in writing by the person placing the hold.

7. Compliance

Failure on the part of employees to follow this policy can result in possible civil and criminal sanctions against The SOCIETY and its employees and possible disciplinary action against responsible individuals. The Executive Director and Finance Committee chair will periodically review these procedures with legal counsel or the organization's certified public accountant to ensure the policy is in compliance with new or revised regulations.