Document Retention and Destruction Policy

PURPOSE OF THIS TOOL: Certain federal laws prohibit the destruction of certain documents. Not-for-profit organizations should have a written, mandatory document retention and periodic destruction policy. Policies such as this will eliminate accidental or innocent destruction. In addition, it is important for administrative personnel to know the length of time records should be retained to be in compliance.

Document Destruction

The Document Retention and Destruction Policy identifies the record retention responsibilities of staff, volunteers, members of the board of directors, and outsiders for maintaining and documenting the storage and destruction of the organization's documents and records.

The organization's staff, volunteers, members of the board of directors, committee members and outsiders (independent contractors via agreements with them) are required to honor the following rules:

- a. Paper or electronic documents indicated under the terms for retention in the following section will be transferred and maintained by (fill in the blank based on the organization's practices);
- b. All other paper documents will be destroyed after three years;
- c. All other electronic documents will be deleted from all individual computers, data bases, networks, and back-up storage after one year;
- d. No paper or electronic documents will be destroyed or deleted if pertinent to any ongoing or anticipated government investigation or proceeding or private litigation (check with legal counsel or the human resources department for any current or foreseen litigation if employees have not been notified); and
- e. No paper or electronic documents will be destroyed or deleted as required to comply with government auditing standards (Single Audit Act).

Record Retention

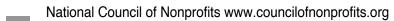
The following table* indicates the minimum requirements and is provided as guidance to customize in determining your organization's document retention policy. Because statutes of limitations and state and government agency requirements vary from state to state, each organization should carefully consider its requirements and consult with legal counsel before adopting a Document Retention and Destruction Policy. In addition, federal awards and other government grants may provide for a longer period than is required by other statutory requirements.

^{*} Adapted from National Council of Nonprofits.

The AICPA Audit Committee Toolkit: Not-for-Profit Organizations

Type of Document	Minimum Requirement		
Accounts payable ledgers and schedules	7 years		
Audit reports	Permanently		
Bank reconciliations	2 years		
Bank statements	3 years		
Checks (for important payments and purchases)	Permanently		
Contracts, mortgages, notes, and leases (expired)	7 years		
Contracts (still in effect)	Contract period		
Correspondence (general)	2 years		
Correspondence (legal and important matters)	Permanently		
Correspondence (with customers and vendors)	2 years		
Deeds, mortgages, and bills of sale	Permanently		
Depreciation schedules	Permanently		
Duplicate deposit slips	2 years		
Employment applications	3 years		
Expense analyses/expense distribution schedules	7 years		
Year-end financial statements	Permanently		
Insurance records, current accident reports, claims, policies, and so on (active and expired)	Permanently		
Internal audit reports	3 years		
Inventory records for products, materials, and supplies	3 years		
Invoices (to customers, from vendors)	7 years		
Minute books, bylaws, and charter	Permanently		
Patents and related papers	Permanently		
Payroll records and summaries	7 years		
Personnel files (terminated employees)	7 years		
Retirement and pension records	Permanently		
Tax returns and worksheets	Permanently		
Timesheets	7 years		
Trademark registrations and copyrights	Permanently		
Withholding tax statements	7 years		

Resources



BoardSource Record Retention and Document Destruction Policy—Download 4 Samples (E-Policy Sampler) www.boardsource.org/Bookstore.asp?Type=epolicy&Item=1071

Independent Sector www.independentsector.org/issues/sarbanesoxley.html

Sample Document Retention and Destruction Policy

- AICPA Management of an Accounting Handbook—2003 and IRS Appendix Document www.cpa2biz.com/AST/Main/CPA2BIZ_Primary/PracticeManagement/PracticeAdministration/PRDOVR~PC-090407/PC-090407.jsp
- Guide to Record Retention Requirements in the Code of Federal Regulations: Contact the Superintendent of Documents, U.S. Government Printing Office, Washington, D.C. 20402-9325 or from CCH, Inc. at www.onlinestore.cch.com