

Document Retention and Destruction Policy



BUSINESS RECORDS RETENTION SCHEDULE

Internal Revenue Code Section 6001

Consistent record retention supports a paper trail for organization activities and serves as documentation for a financial or IRS audit. The IRS offers record retention guidelines in Code Section 6001 and Publication 583 – Starting a Business and Keeping Records.

If any retention requirements are enacted at the state level in the future, they should be incorporated into this document. For example, the tax collecting agency may have special requirements of trade show contracts or the agency approving continuing education may require forms be kept for a specific period.

Your organization's accountant and attorney should provide advice on adopting a record retention schedule. Have the board adopt it as a *policy*; then have the staff conduct an annual file-cleanup to dispose of unnecessary documents.

Business records retention is required by the Internal Revenue Code, Employee Retirement Income Security Act and Uniform Commercial Code. The following business record retention schedule is based on those laws.

PERMANENT RECORDS

Audit reports of CPAs

Cancelled checks for important payments, i.e., taxes, purchases of property, special contracts, etc. (checks should be filed with the papers pertaining to the underlying transaction)

Capital stock and bond records: ledger, transfer registers, stubs showing issues, record of interest coupons, options, etc.

Cash books

Chart of Accounts

Correspondence (legal and important matters only)

Deeds, mortgages, and bills of sales, as well as contracts and leases still in effect

Financial statements-end of year (other months optional)

General and private ledgers

Insurance records, current accident reports, claims policies

Journals

Minute books of directors and stockholders, including by-laws and charter

Property appraisals by outside appraisers

Property records-including costs, depreciation reserves, and end-of-year trial balances, depreciation schedules, blueprints and plans

Tabulating records related to above areas

Tax returns and worksheets, Revenue Agents' Reports and other documents relating to determination of income tax liability

Trademark registrations

SIX TO SEVEN YEARS

Accident reports and claims (settled cases)

Accounts payable (see Voucher Register)

Accounts receivable ledgers and trial balances

Cancelled checks (see exception under Permanent Records)

Cancelled stock and bond certificates and expired options

Contracts and leases (expired)

Expense analyses and expense distribution schedules

Inventories of products, materials and supplies

Inventories to customers

Invoices from vendors (see Vouchers) Notes

receivable ledgers and trial balances

Payroll records and summaries, including payments to pensioners

Employee personnel records after termination (if a retirement plan was in effect, regardless

if employee was a plan participant); (if employee was a participant in a pension plan, consult your plan advisor)

Retirement Plan returns and reports (from filing date of such returns and reports) Retirement Plan accounting records (to correspond with returns and reports) Purchase orders (purchasing department copy)

Sales records

Scrap and salvage records-inventories, sales, etc.

Subsidiary ledgers to the general ledger and trial

balances Time books

Voucher register and trial balances

Vouchers for payments to vendors, employees, etc. (including allowances and reimbursement of employees, officers, etc., for travel and entertainment expenses)

TWO TO THREE YEARS

Applications for Employment

Employee personnel records after termination (see exception under Six to Seven Years)

General Correspondence

Insurance policies which have expired

Internal audit reports, including working papers (in some situations, longer retention periods may be desirable)

Miscellaneous internal reports

Petty cash vouchers

Physical inventory tags

Savings bond registration records of employees

ONE YEAR OR LESS

Bank reconciliations (keep one year)

Bank statements (keep one year)

Correspondence of unimportant nature with customers or vendors

Duplicate deposit slips

Purchase orders (except purchasing department copy)

Receiving sheets

Requisitions

Stenographers' notebooks

Stockroom withdrawal forms