Who should be involved?
The entire board reviews the overall compliance policy or philosophy. Many times, the administrative team and school legal counsel, often working with the board finance committee, will oversee the creation of the working timetable and practices.

What is it?
The records management policy is the overall road map for the retention and destruction of the entire school’s records. The policy should include policies and procedures for handling all paper and electronic records of the school.

Why do you need it?
It is required by federal law. One of the two requirements that Sarbanes-Oxley imposes on schools and other nonprofit organizations is to have a records-management policy in place to prevent the destruction of records related to a government investigation. It is also required under federal and state civil-procedure rules applicable to civil lawsuits that may be filed against your school. There are penalties for the destruction of documents that are related to a lawsuit. The existence of a policy about records retention and destruction, particularly as it relates to electronic records, can help schools that accidentally delete documents.

What should it cover?
A records management policy should establish the school’s policies on what records are retained, how they are stored, how long they are to be kept, and when they can be destroyed. A school should follow several steps in this process.

The first step is to identify who in the school is responsible for compliance. Overall
Responsibility for compliance with the school's records-management policy, and oversight of its records-management program, should be given to an individual like the headmaster, corporate secretary, or chief operating officer, or to a board committee like the audit or operations committee. The school should also designate a records-retention coordinator within each of its departments or units to assume responsibility and oversight for compliance with the records-management policy.

The next step is to identify what records the school should keep and how long it should keep each type of record. An expert records manager can help identify any applicable federal or state laws governing how long certain types of records should be kept. (If your school is located in more than one state, it should check on the holding periods for each state.) Once the school identifies the various records and retention periods, it can develop a records-retention schedule. That schedule lists documents by type or classification and indicates how long the school should retain records within each class.

The records-retention schedule should be periodically reviewed to verify that the retention periods for each class of record are still in compliance with applicable laws and meet the school's needs. To maintain the integrity of the records-retention schedule, only a small number of authorized users should be allowed to make changes to it. Department heads should not be given the power to make changes, although they should be permitted to recommend them. The person with ultimate records-management responsibility for the school should sign off on all changes to the schedule before they are implemented.

**Where should you keep the records?**

Your school may choose to keep records on site for the first few years but then send them to off-site storage. If you use an off-site storage facility, you should be sure to take a tour of the facility first and see the conditions under which the records are stored and what system is used to track and retrieve boxes or tapes. The facility should be clean and neat with systems in place to protect your records from fire, flood, and theft.

Bar coding is frequently used to track the inventory of boxes and tapes in a storage facility. If your organization is assigned a unique identification number, make sure that there is an additional system in place for tracking each box or tape that you send to storage. Your off-site storage facility is responsible not only for storing your records but also finding them when you need to access them. It should also be able to locate the records at the end of the retention period when they are marked for destruction.

When compared to the cost of storing records on site, an off-site facility may seem expensive, as there is actually a financial obligation to be paid. Schools that consider off-site storage need to look closely at how much access they may really need to those records on a regular basis because many facilities charge an access fee, and staff time is needed to retrieve the documents. However, as many schools have found over time, the amount of space that paper records have taken up over the years also results in a very real financial impact. Off-site storage can free up much needed school building space, and the off-site facility will protect those documents from potential disastrous events such as flooding, fire, and other damage.
**How to you determine which records to destroy and when?**

There are two ways of approaching record destruction. The first method is to place the records in storage marked with a destruction date and then to systematically pull and destroy the records when that destruction date has been reached. The second method is similar to the first, except that an extra step is added: Before the records are destroyed, they are sent back to the originator (or the originating department if that person is no longer employed) so that they may be inspected and the decision to destroy them confirmed. This is extra protection to prevent records from being prematurely destroyed that may have been accidentally placed in the wrong box.

An annual records review is probably the most reliable way to have your staff evaluate their current records and identify those that can be destroyed or moved to long-term storage. That is generally accomplished by picking a time frame — anywhere from 30 to 60 days — and specifying that all departments will review their records at that time and apply the records-retention schedule to current files and those in storage. If a department has unique needs that make the organization-wide document review period inconvenient, it can be given additional time to assess its documents — but it should be a reasonable period so as not to unnecessarily delay the review.

Some organizations make the document review process less painful by providing big bins for documents to be shredded or recycled, allowing staff to wear jeans, offering snacks, and giving incentives for those departments that complete the review first, have the most boxes going to off-site storage, and the like.

The idea is to make what can be seen as an onerous chore as pleasant as possible.

**What specific procedures should the policy include?**

Your records-management policy and the records-retention schedule should provide clear guidance to those reviewing documents, enabling them to quickly review and process the records. The procedures should address:

- How to process records that are designated for short-term or long-term storage;
- How to dispose of records that are not required to be kept;
- How to handle duplicate copies;
- Where the original documents should be kept;
- Which version of drafts (if any) are to be kept;
- When documents are to be stored on site or off site; and
- How to identify obsolete documents that can be destroyed.

The same annual review and decision as to retention or destruction that is made for paper records should be made as to electronic media, too. Electronic records that are frequently overlooked are e-mails, voice mails, electronic calendars, CD-ROMs, DVDs, tapes, thumb or flash drives, back-up drives, floppy disks, computer hard drives, the school’s intranet and website(s), and other media for storing electronic records. Electronic records like e-mail can be scheduled for routine deletion throughout the year or periodically backed up in compliance with the records-retention schedule.

One of the most important elements of a records-management program is the initial and ongoing training that your school gives
those who work with and are responsible for managing its records. The school should provide such training to all staff and volunteers when the program is first rolled out or whenever any significant changes are made. It should also offer refresher training before the annual review and purge of records. In addition, the school can create an easy-to-understand training manual and distribute it in hard copy or on its intranet site. Or it can offer a help-line of some sort for questions, so that records are not inadvertently destroyed or kept longer than they need to be due to frustrations or confusions with the process.

Your program’s effectiveness should be audited periodically — perhaps every other year — to make sure that everyone involved understands the retention schedules and is following them appropriately. The audit or test can be done in-house by a spot check of records that are stored on-site or off-site. You should also test your off-site storage facility’s record-retrieval system periodically.

**When should you stop disposing of documents?**

Your school may receive a “document disposal suspension notice” when it is sued, under investigation by a federal, state, or local government agency, or when someone is considering suing the organization but has not yet filed the lawsuit. The attorney for the party that is filing the lawsuit usually issues the notice, although your school’s own legal counsel may also issue such a suspension notice. Upon receipt of such a notice, anyone with access to or control over the school’s records — usually all employees, volunteers, and board members — should be notified to immediately stop the destruction of any records identified in the notice. If you use an off-site storage facility and have automatic destruction directives in place for those records, you should notify the facility of the suspension notice.

Just like the records-retention program, a document disposal suspension notice applies to both paper and electronic records. So any automatic deletions of data that you have in place must also be suspended during the time of the notice.

Archives are usually records that are kept permanently due to their historical or other significance to the school. An archivist can work with your school to review the records that qualify for permanent retention. The archivist can also provide recommendations on how the archival material should be stored for optimum results. Acid-free boxes and temperature, humidity, and light controls may all be used to prevent environmental damage to your school’s important records. You may also need to put in place a security system to track the access to and use of any archival records.

ABC SCHOOL

Records Retention and Disposal Policy

This sample policy covers those records that a school should retain and those that it should dispose of. The key to a successful policy for records retention and disposal is making sure that everyone knows about it. The school should send out reminders throughout the year to those employees who are charged with overseeing its implementation in their departments. It is vital that confidential and sensitive information is handled appropriately.

These records-retention policies are samples only. Each school must check with the legal counsel in its state about any specific requirements for records retention, particularly for employment or student records. A school should also check any state or federal programs in which it participates about required records-retention schedules that should be integrated into the following example.

PURPOSE

The purpose of this Records Retention and Disposal Policy (the “Policy”) is to ensure that necessary “records” (as defined below) of ABC School (“ABC”) are adequately protected and maintained, and that records no longer needed or of no value are disposed of at the appropriate time.

The law requires ABC School to maintain certain types of records, usually for a specified period of time. Failure to retain those records for those minimum periods could subject ABC School to penalties and fines or charges of destruction of evidence or contempt, cause the loss of legal rights, or significantly impair ABC School’s ability to defend itself in litigation.

ADMINISTRATION

The [title of responsible person] shall be responsible for developing, implementing, and revising this policy governing the retention and disposal of ABC School’s records. The [title] will designate others, on an ad hoc basis, to assist in implementing this policy, including the following:

- Identifying and evaluating which records should be retained;
- Publishing an appropriate retention and disposal schedule;
- Monitoring local, state, and federal laws affecting record retention;
- Annually reviewing the record retention and disposal program;
- Developing a training program for personnel responsible for record storage and maintenance; and
- Monitoring for compliance with the record retention and disposal program.
IMPLEMENTATION

For purposes of implementing this policy, ABC School’s organizational structure will be segmented into [state number] departments as follows:

- [list departments by name]

Each department will prepare a list of the major documentation that it uses and maintains and compare it to the documents listed in this policy. Each department will also review periodically current records and forms to determine whether they are adequate and appropriate for the department’s requirements.

In addition, each department periodically will review this policy to determine any special circumstances that necessitate changes in the retention periods. Requests for changes in retention periods or deviations from specified retention periods should be made to the [title], and may be implemented only after written approval by the [title] and ABC School’s legal counsel.

In the event of a government audit, an investigation, or pending litigation, records disposal may be suspended at the written direction of the [title] or counsel. In addition, the [title] or legal counsel should be informed of any situation that might give rise to legal action as soon as the situation becomes apparent. Records disposal after any suspension shall be resumed only at the written direction of the [title], after consultation with ABC School’s legal counsel.

Each department will ensure that its employees are fully informed of this policy and confirm that they agree to comply with it. Employees must be informed that any question regarding this policy is to be directed to the [title].

APPLICABILITY

This policy applies to all records generated in the course of ABC School’s operations, including both originals and reproductions. It also applies to records stored on computer and in microform, electronic mail, and electronic voice mail.

To the extent that there are multiple copies of records, either in paper or electronic form, only one copy of each record need be retained. Likewise, if there are multiple drafts of a particular record, only the final record need be retained — unless such drafts reflect a course of communication by and between ABC School and non-ABC School personnel.

RETENTION PERIODS

From time to time, ABC School will establish retention or disposal schedules for specific categories of records in order to ensure legal compliance and to accomplish other objectives, such as preserving intellectual property and managing costs. Several categories of documents are identified in Appendix I attached hereto.
DEFINITION OF “RECORD”

A “record” is any body of information that has been documented from the business activities of ABC School, whether in written or electronic form. Examples of “records” include: financial data, statements, and associated work papers; analyses; agreements; books; contracts; charts or tables; data; correspondence and communications that are created, sent, or received; diagrams; electronic messages (e-mail, text messages, and voice mail); images; invoices; letters; logs; maps; memoranda; opinions; plans; projections; statements; studies; research and any other thing containing information. Examples of what may not be “records” for records retention policies are: (a) superseded drafts of documents, including memoranda, financial statements, or regulatory filings; (b) notes on superseded drafts of memoranda, financial statements, or regulatory filings that reflect incomplete or preliminary thinking; (c) previous copies of work papers that have been corrected for typographical errors or errors due to training of new employees; or (d) duplicates of documents.

A “record” may exist in various forms, including printed, electronic, or recorded format — for example, letters, e-mail messages, text messages, and voice-mail messages. “Records” stored electronically also include records that are stored using equipment located within ABC School’s property or on other devices (whether or not owned by ABC School) such as: cellular telephones, laptop or other portable computers, and personal-data assistants (Blackberry, Palm or other similar personal communication devices). By way of example and not in limitation of the foregoing, the term “record” includes all copies of records made to enable ABC School personnel to work outside ABC School’s offices.
# Appendix I

<table>
<thead>
<tr>
<th>Item</th>
<th>Retention Period</th>
</tr>
</thead>
<tbody>
<tr>
<td>Accident Reports/Claims (Settled Cases)</td>
<td>7 Years</td>
</tr>
<tr>
<td>Accounts Payable Ledgers and Schedules</td>
<td>7 Years</td>
</tr>
<tr>
<td>Accounts Receivable Ledgers and Schedules</td>
<td>7 Years</td>
</tr>
<tr>
<td>Archive of All Website Content</td>
<td>7 Years</td>
</tr>
<tr>
<td>Audit Reports</td>
<td>Permanently</td>
</tr>
<tr>
<td>Bank Statements</td>
<td>7 Years</td>
</tr>
<tr>
<td>Bank Reconciliations</td>
<td>2 Years</td>
</tr>
<tr>
<td>Bond Issuances and Ledgers, Transfer Registers, Stubs Showing Bond Issuances, Debt Issuances, etc.</td>
<td>Permanently</td>
</tr>
<tr>
<td>Charts of Accounts</td>
<td>Permanently</td>
</tr>
<tr>
<td>Checks (Cancelled Checks for Important Payments, Special Contracts, Purchase of Assets, Payment of Taxes, etc.) Checks Should be Filed with the Papers Pertaining to the Underlying Transaction</td>
<td>Permanently</td>
</tr>
<tr>
<td>Checks (Cancelled Except those Noted Above)</td>
<td>7 Years</td>
</tr>
<tr>
<td>Contracts and Leases (Expired)</td>
<td>7 Years</td>
</tr>
<tr>
<td>Contracts and Leases (Still in Effect)</td>
<td>Permanently</td>
</tr>
<tr>
<td>Corporate Minute Books</td>
<td>Permanently</td>
</tr>
<tr>
<td>Correspondence, General and Schedules</td>
<td>3 Years</td>
</tr>
<tr>
<td>Correspondence, Legal and Important Letters</td>
<td>Permanently</td>
</tr>
<tr>
<td>Correspondence, Routine with Customers/Vendors</td>
<td>3 Years</td>
</tr>
<tr>
<td>Deeds, Mortgages, and Bills of Sale</td>
<td>Permanently</td>
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<tr>
<td>Depreciation Schedules</td>
<td>Permanently</td>
</tr>
<tr>
<td>Duplicate Deposit Slips</td>
<td>3 Years</td>
</tr>
<tr>
<td>Employee Personal Records (After Termination)</td>
<td>3 Years</td>
</tr>
<tr>
<td>Employment Applications (Non-Hires)</td>
<td>3 Years</td>
</tr>
<tr>
<td>Financial Statements (Year-end, Other Months Optional)</td>
<td>Permanently</td>
</tr>
<tr>
<td>Financial Statement (Other)</td>
<td>7 Years</td>
</tr>
<tr>
<td>General Ledgers, Year-End Trial Balances</td>
<td>Permanently</td>
</tr>
<tr>
<td>Immigration Matters</td>
<td>The longer of: (i) entire term of employment plus 1 year, or (ii) 3 years</td>
</tr>
<tr>
<td>Insurance Records, Policies, etc.</td>
<td>Permanently</td>
</tr>
<tr>
<td>Internal Audit Reports (Miscellaneous)</td>
<td>3 Years</td>
</tr>
<tr>
<td>Invention/Innovation Journals (Or Any Other Documents or Information Evidencing Creation, Modification, or Ownership of Intellectual Properties or Other Company Property)</td>
<td>Permanently</td>
</tr>
<tr>
<td>Item</td>
<td>Retention Period</td>
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<tr>
<td>---------------------------------------------------------------------</td>
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</tr>
<tr>
<td>Inventory Records</td>
<td>7 Years</td>
</tr>
<tr>
<td>Invoices to Customers or from Vendors</td>
<td>7 Years</td>
</tr>
<tr>
<td>IRA and Keogh Plan Contributions, Rollovers, Transfers, and Distribution</td>
<td>Permanently</td>
</tr>
<tr>
<td>Payroll Records, Summaries, and Tax Returns</td>
<td>7 Years</td>
</tr>
<tr>
<td>Petty Cash Vouchers</td>
<td>3 Years</td>
</tr>
<tr>
<td>Property Records, Including Costs, Depreciation Reserves, Year-End Trial Balances, Depreciation Schedules, Blueprints, and Plans</td>
<td>Permanently</td>
</tr>
<tr>
<td>Purchase Orders</td>
<td>3 Years</td>
</tr>
<tr>
<td>Receiving Sheets</td>
<td>3 Years</td>
</tr>
<tr>
<td>Retirement and Pension Records</td>
<td>Permanently</td>
</tr>
<tr>
<td>Safety Records</td>
<td>7 Years</td>
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<tr>
<td>Sales Records</td>
<td>7 Years</td>
</tr>
<tr>
<td>Stock and Bond Certificates (Cancelled)</td>
<td>7 Years</td>
</tr>
<tr>
<td>Subsidiary Ledgers</td>
<td>7 Years</td>
</tr>
<tr>
<td>Tax Returns, Revenue Agents’ Reports, and Other Documents Relating to Determination of Income-Tax Liability</td>
<td>Permanently</td>
</tr>
<tr>
<td>Time Books, Cards and Daily Reports</td>
<td>7 Years</td>
</tr>
<tr>
<td>Trademark Registrations, Patent Letters, and Copyright Registrations</td>
<td>Permanently</td>
</tr>
<tr>
<td>Transcripts</td>
<td>Permanently</td>
</tr>
<tr>
<td>Voucher Register and Schedules</td>
<td>7 Years</td>
</tr>
<tr>
<td>Vouchers for Payments to Vendors, Employees, etc. (Includes Allowances and Reimbursements of Employees, Officers, etc., for Travel and Entertainment Expenses)</td>
<td>7 Years</td>
</tr>
</tbody>
</table>