

AIIM Membership Tools

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Membership Tools User Guide

Records Retention

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What Is It?

Records Retention is one of the major components of any comprehensive Records and Information Management Program. It is intended to give organizations guidance on the length of time to retain information and when it can be legally destroyed. Many organizations fail to see the benefit in this, as oftentimes the “just in case” rule applies, which means keeping everything forever. There is a concern of not being in compliance if records are destroyed. The reality is true compliance failure occurs when companies do not destroy their records or have a records retention plan which they do not follow. Not only does a records retention schedule keep an organization compliant if followed, it also saves them money by destroying records no longer needed legally or organizationally; clearing electronic and physical storage space can also equal major cost savings.

The term “Records” refers to any type of information, regardless of media type. Records are defined as anything that shows proof of a business activity, which is considered an official record within an organization.

When a Records and Information Management Program is created and implemented, records types are identified, such as records within Human Resources, Finance, Legal and all other functional areas within an organization. During the creation of the Program, a records inventory needs to be conducted in order to identify all records series and their respective retention requirements.

Records and their retention are governed by many types of laws and regulations. This is all dependent on country, jurisdiction, specific regulatory requirements and industry. This is the guidance that drives a Records and Information Management Program so that records are not retained forever, destroyed legally, and retained for their legally prescribed period.

Why Is It Important?

If not for legal reasons, there are cost and efficiency reasons for not retaining information. We are still creating massive amounts of paper documents along with an unheard of record of electronic information which includes multiple copies that are in paper and electronic format. Granted, electronic storage space is getting cheaper; yet that is not a justification to store more information. Individual users are now requesting terabytes worth of space. The most difficult part is knowing what you have. It is not a matter of “if”, but when, your organization is going to find itself involved in a lawsuit. When this occurs, there will be many discovery motions. Often it is difficult to locate the required information, especially in electronic format, as most organizations do not manage their electronic records in the same manner as their hard copy records. Organizations tend to roll out multiple electronic systems with no Records and Information Management planning in place to manage the information as we do in hard copy. This requires planning with a good taxonomy in the beginning based on the records series identified in the inventory. It is the Records and Information Management professional’s responsibility to train users in how the information is organized/classified to easily access the information today and in the future. According to ISO 15489: “Records Managers need to be aware of the potential for legal challenge when documents are presented in evidence to a court of law. If the integrity or authenticity of a record is called into doubt in court by suggestions of tampering, incompetence, improper system functionality or malfunction, the evidential weight or value put on the document by the court may be lost or, at least, reduced, to the detriment of the case.”

If the software programs implemented in the company are not user friendly and easily accessible for the users, users tend to store their information in silos on the network drives, not following the taxonomies set up for both hard copy and electronic records. Network drives are often out of control and no one wants to do the clean up after the fact, as this is both tedious and cumbersome. Network drives usually have no checks and balances in place to guide the users to manage the information in a responsible manner. Users often create folder structures so deep that records are buried so deeply and may be impossible to find. Also there are no strong security controls in place to discourage the practice of deleting electronic files. During discovery, it is almost impossible to comb multiple shared network drives and thousands of emails without incurring a huge price tag. If you can find the right information or can prove that it has been destroyed according to your Retention Schedule, the costs for discovery can be minimal.

- In order to sell management on records retention schedules, a brief ‘elevator’ speech may be necessary. Some key points to be made to convince management of the importance or need of records retention schedules are:
- Identifies records required for business purposes
- Ensures availability, usability and findability of e-records over time
- Identifies records worthy of permanent preservation.
- Produces cost-savings and productivity improvements to:
 - *Manage Records Growth*
 - *Reduce Records Storage Costs*
 - *Speed Records Retrieval*
- Minimizes the risks and liabilities of records retention

*Please Note that this is only a guide, and that you should check with your legal department prior to implementing your own Records Retention Program.

How is a Records Retention Schedule Created?

Once an inventory is completed, it is recommended that a Records Retention Schedule be organized into Functional groups, not by Department. Departments can be renamed or shifted under different groups, yet the actual functions within an organization generally remain constant. For example, if there is a Department named “Finance and Accounting”, it may be wise to name it “Finance” within the Records Retention Schedule. All of the functionality still exists, such as Accounts Payable/ Receivable, Budgeting and so on, yet the grouping will remain constant.

One of the first things to understand is what type of laws and regulations apply to your organization. First, look at the type of industry you are in. It could be highly regulated, such as Banking, Securities, Gas and Oil or Pharmaceutical. These are just some examples. Such industries have retention requirements that are mandated by the Regulatory Agencies that oversee their specific industry. Next, the State or Province that you do business in may have specific requirements by law; then the Federal government, and of course if there is any international business, the laws of your home country and any countries you do business with must be considered.

Oftentimes, laws and regulations do not state the exact amount of time to keep a record. Sometimes it may be from the creation date or an expiration date. An organization may also have to take into account whether or not it needs the information longer than the period specified by law. This requires a risk assessment. First, is there a business or operational need of the information beyond the legal retention period? Second, is there a risk in retaining the information any longer than legally necessary?

Organizations are afraid to destroy information, yet sometimes there is a larger risk by retaining information that does not need to be legally retained. Most attorneys will tell you that you never want to hand over **too** much information, but rather only the required information for the issue, only what is requested and nothing more. Unfortunately, in many cases, organizations not knowing what they have may end up turning over information not requested, as it may be mixed in with the actual requested data. If information can legally be destroyed, it should be part of an organization’s Records Retention and Records and Information Management Program.

ISO 15489 states: “Decisions about how long records should be maintained within a records system are based on an assessment of the regulatory environment, business and accountability requirements and the risk. Initially, such decisions should involve the unit administering the specific business activity, the designated records manager and others as required, in compliance with the external and internal Records and Information Management policies or standards and the requirements for records associated with the specific business activity. Statutory or other regulatory requirements may demand minimum retention periods or submission to an authorizing body such as an archival authority or auditors for any necessary approval. The rights and interests of all stakeholders should be considered when determining how long records need to be maintained.”

What Happens if Destroyed Records Are Requested?

In order to have a legally compliant Records Retention Schedule, you need to have a compliant Records Program. Many organizations have Records Retention Schedules, but no procedures on how to use them, or follow them. And even in cases where Policies & Procedures do exist, they are not followed. If this is the way of your organization, your program will not hold up in a court of law. When records reach the end of their life cycle, they may be identified for destruction. The organization must have a procedure in place. The Records and Information Management professional is responsible for compiling a comprehensive list of records to be destroyed. They send this listing to the responsible person in the respective department for approval. The listing gets signed off and (unless there is pending litigation or an audit or any other reason to suspend retention) the Records and Information Management Department handles the final stages of the destruction including how the records will be destroyed. A certificate or proof/documentation that the records have been destroyed in accordance with the Records Retention Schedule and Policy is generated.

If your records are requested, and they have been destroyed in accordance with a properly implemented Policy, the Records and Information Management professional will return the request stating that the records have been destroyed according to the organization’s retention schedule. If the organization adheres to the schedule, there will be no legal issues as the destruction is documented and approved. When an organization has no Policy, or doesn’t follow its own Policy, and destroys or keeps records indefinitely that leaves the organization open to legal consequences, and potentially having executives of the company facing jail time.

Once record types and the specific laws and regulations that affect the retention of those records are identified, a Records Retention Schedule can be compiled. Depending on the size of an organization and the complexity of laws it is affected by, there are two routes recommended when presenting a Records Retention Schedule within an organization. It is important to have the backup data showing how retention values have been calculated. An average user though, will really not be interested. They need a tool to understand the bottom line, which is the type of record and its retention value. Below is one example of a user friendly records retention schedule. Format is not critical as long as the basic elements in this example are in the records retention schedule your organization adopts.

Basic Distributed Records Retention Schedule

Series	Trigger	Retention*
Accounts Payable	Account Close Date	6
<p><i>Description of Series:</i> Records related to receivables.</p> <p><i>Listing of Typical Document Types:</i> Copies of Checks Verification of Electronic Payments Verification of Credit Card Payments Lock Box Payments</p>		
Budgeting	Close of Budget Period	2
<p><i>Description of Series:</i> Any information related to forecasts of future spending allotments.</p> <p><i>Listing of Typical Document Types:</i> Monthly, Quarterly, Semi-Annual or Annual Budgets</p>		
<p><i>CY = Current Year, FY = Fiscal Year, P = Permanent, H = Historical – *Numeric Value: Retention = Number of Years</i></p>		

Many records retention schedules use different codes within the retention periods, we have listed only a few above. Some are CY+3, which means “Current Year plus three years.” This makes it easier to apply retention without having to apply a specific date. Some records will have permanent value, not a majority, as some will have historical value to an organization. Citations may be identified as the actual law overriding the Records Series or an in-house reference. Some organizations have the citations identified in a separate document with a short citation reference coding identifying the Records Series, i.e. F-001 – Financial Records – Accounts Payable.

Detailed Records Retention Schedule with Support

Series	Trigger	Citation(s)	Legal	Operational	Total*
Accounts Payable	Account Close Date	22 CFR 221.32 44 USC 451.54	4	6	6
Budgeting	Close of Budget Period	39CFR225.19	2	4	2
<p><i>CY = Current Year, FY = Fiscal Year, P = Permanent, H = Historical - *Numeric Value: Retention = Number of Years</i></p>					

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Steps to Success

Retention scheduling will only be successful if there is a good taxonomy/classification system in place for an organization. This comes directly as a result of a comprehensive records inventory.

Some of the reasons in which records retention programs are not implemented include not involving users from across the organization, only involving the legal department, and the lack of education/training. Some corporate legal departments do not focus on records retention and the laws surrounding it. In other organizations, Records and Information Management falls directly under the Legal Department and has the credibility for the Program including the Retention Schedule. In other organizations the Program could fall under IT or Risk Management. Corporate legal departments typically are not trained to focus on records retention and the laws surrounding it. There are specialists in the industry that are trained in this field. It is important though, to get your legal group involved with the process for approval, and to ensure they understand its importance. They are experts in litigation, and they understand how important it is to locate data efficiently and expeditiously. Most importantly, your users need to be educated and involved so they will help you enforce the program.

Here are 4 Major Recommended Steps in developing, deploying and maintaining a Records Retention Program:

Design:

- Perform a Records Inventory: this is always the first step in any project - knowing what you have as well as ensuring that the classification design is strong and records series can be identified.
- Records Appraisal: assessing the value of the records and the records series.
- Retention Period Recommendations: using government reference materials, designing the retention based on relevancy.
- Designing the project including scope and methodology.

Approval:

- Project Approval – presenting the project outline to departments for understanding and approval.
- Management Approval – after all checks and balances are in place, present the fully program to management for its sign off, understanding its responsibilities and liabilities and if there are gaps and risks.

Policy and Procedures – Documentation:

- Retention and Disposition Procedures – develop a comprehensive procedure manual outlining each step of the process.
- Records Retention Schedule Format – user friendly format for ease of use.
- Publishing the Records Retention Schedule - ready, user accessible format, published in-house for staff reference – any modifications have to be done with the assistance of the Records and Information Management Department.
- Employee/User Training- ensure that all relevant staff understand the purpose and their responsibilities surrounding the Records Retention Schedule.

Updating/Revision:

- Records Retention Schedule Revision- one person designated to keep the document live – current and updated as per the Procedure Manual usually reviewed annually.
- Records Retention Schedule Compliance – Records and Information Management Department and Legal providing periodic spot checks and audits on the Records Retention Schedule to ensure compliance.

Implementation

When embarking upon the Retention Schedule set up it is necessary to participate in, and keep current in Records and Information Management educational offerings such as AIIM's Certificate Program which assists participants in understanding best practices and management of all records. It is also recommended that experts in the field such as current AIIM Master designees and Certified Records Managers (CRM) have tremendous experience with such implementations and can assist with the design and implementation of a Records Retention program. If you need resources/mentoring, there are numerous resources that are available through AIIM's ERM Certificate program found at www.aiim.org/training.

To gain further knowledge, or to connect with other professionals working around this issue, we also recommend visiting AIIM's ERM Community at www.aiimcommunities.org/erm.

This checklist was developed by Kit Bright and Nicole Smith and was reviewed by committee members of the AIIM Standards Program.

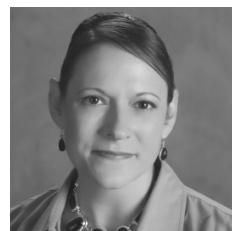
Kit Bright

With 25 plus years experience inside the industry, Ms. Bright serves as President of Bright Works Consulting Inc. In 2007, she, with a few key leaders, catalyzed the formation of AIIM's Western Canada chapter. Today she serves as the chapter's President lending the necessary energy and ideas to build a strong Western Canadian base for AIIM. In 2009, Ms. Bright was awarded AIIM's Distinguished Service Award and was elected to AIIM's Professional Advisory Committee. She is trained as an ECMp, BPMs, and has successfully completed AIIM's PDF Archive course.



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About AIIM

AIIM (www.aiim.org) is the community that provides education, research, and best practices to help organizations find, control, and optimize their information. The AIIM community has grown to over 65,000 professionals from all industries and government, in over 150 unique countries, and within all levels of management including senior executives, line-of-business, and IT.

For over 60 years, AIIM has been the leading non-profit organization focused on helping users to understand the challenges associated with managing documents, content, records, and business processes. Today, AIIM is international in scope, independent, implementation-focused, and, as the representative of the entire enterprise content management (ECM) industry - including users, suppliers, and the channel - acts as the industry's intermediary.

About AIIM Standards

AIIM Standards (www.aiim.org/standards) is the leading standards development organization for enterprise content management standards and best practices. AIIM Standards has been an ANSI accredited standards development organization for over 25 years. The program covers a number of technologies which are part of Enterprise Content Management (ECM). In addition to producing and maintaining standards for ANSI, AIIM also produces industry best practices and guidelines. AIIM is also the secretariat for an ISO Technical Committee and an ISO subcommittee on information management and is the administrator of the U.S. Technical Advisory Group (TAG) to ISO TC 171.

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