

## CLARK'S ENCYCLOPEDIA OF RECORDS RETENTION

Intersect Systems Inc. is pleased to publish the unique and comprehensive *Encyclopedia of Records Retention* by Jesse L. Clark in database format for use on Windows™-based personal computer systems.

The *Encyclopedia of Records Retention* covers about 95% of the business records created and used by businesses and other organizations in the United States.

As a retention research tool for Records Managers when used with the search and query capabilities of Intersect's *Retention VR* software, and as a retention schedule development and publishing system when used with Intersect's *Retention DMR* software, we believe that the *Encyclopedia of Records Retention* with over 4,000 records titles and related descriptive information and retention recommendations, will serve as a valuable resource for all types of business organizations.

When used with Intersect's *Records Control and Management System* (RCAMS) database software for records center management, the *Encyclopedia of Records Retention* and the *Retention DMR* system can be used to encode retention parameters; the retention control schedule created will communicate with the RCAMS database to calculate retention periods as containers are created.

Intersect Systems Inc. is in its tenth year of developing specialized software and database applications for Records Managers for retention control schedule development and publishing and records database applications for managing records centers. As I look at our range of records management applications today, I note that the majority of the features and capabilities that we have added to our software applications over the years have been the result of suggestions and requests by our community of users of Intersect software. With this in mind, I invite your suggestions for any added functions or capabilities that would be useful to you as a Records Manager, as well as any other comments or suggestions that you might have.

Thank you for your interest in Intersect and in Clark's *Encyclopedia of Records Retention*.

William D. Gattis  
President, Intersect Systems Inc.

## INTRODUCTION

Accurate, up-to-date information is the prerequisite for sound managerial decision-making. Supplying this information where and when it is needed is what records management is all about. The records management program must be a continuing effort to control the creation, maintenance, retention, and disposal of the records which help you manage your business. A good records program will reduce record-keeping costs and increase efficiency at all levels of management.

The approach to and application of records management must be systematic, and the emphasis must be simple and practical:

1. Non-essential records and unnecessary copies of records should not be created.
2. Records must be created and maintained in the format most suitable for present and future use.
3. Filing methods must be uniform, logical, and user-oriented.
4. The initial expense of organizing and establishing a records program cannot be isolated from its recurring annual operating costs. An elaborate program requiring a network of personnel, numerous forms, and overly complex systems for controlling and updating records is far from economical. The program's sophistication may be deceptive.
5. Established retention periods should control the status of records. Records should be destroyed promptly when their usefulness is ended.
6. Low-cost storage areas or records centers should be used for the storage of inactive records.
7. Vital records must be identified and carefully protected.
8. Micrographics provides a low-cost, viable means of systematizing volumes of hard-copy documentation into safe, legible, legal, archival miniaturization.
9. An automated records management system should be in place to easily and economically identify, control, and retrieve both active and inactive records.
10. Optical disk systems are relatively new technology, but can be considered for mass storage, distribution, and retrieval of voluminous data in some instances. However, costs and durability of optical media are issues that must be given careful consideration.
11. Well-designed business forms will reduce errors, costly clerical time, and procurement cost.
12. Electronic records such as e-mail present new challenges for records managers. Special attention should be given to procedures for the retention and disposition of electronic records, and to insuring that all employees are aware of the procedures.

The Encyclopedia of Records Retention will assist appropriate personnel in determining records retention requirements, vital records, and potential micrographic applications for fast updating and implementation of the records management program.

Jesse L. Clark

## **CLARK'S ENCYCLOPEDIA OF RECORDS RETENTION AND HOW TO USE IT**

Clark's Encyclopedia is about the primary common objective of American enterprise, which is making money. If an army travels on its stomach, a business stands or falls on its records. Like it or not, records management is the most critical, and most costly, part of doing business in America.

Records management doesn't have to cost as much as it does. It doesn't have to cost as much in floor space, equipment, and personnel. It doesn't have to cost as much in litigation, in civil and even criminal penalties -- or in the needless fear of those consequences. And it doesn't have to cost as much in confusion, lost time, or just plain inconvenience.

On the contrary, properly managed records are a company's primary business assets, and they offer the greatest potential for returning their investment. This Encyclopedia is about the fulfillment of that potential.

A big part of the problem is appropriate guidelines. Most American businesses are justifiably confused about the rules for appropriate retention and disposition of corporate records. As a result, they often keep too many records, and they keep them too long.

But the consequences of erring in the other direction appear even more daunting than lost floor space, wasted labor, and misused equipment: premature disposal of records, especially those under litigation, can result in prosecution, heavy fines, even time in prison. By the same token, records retained beyond statutory limits may also be time bombs, subject to subpoena and unnecessarily prolonging corporate risk.

For many companies, these opposing circumstances seem to comprise a no-win conflict.

Appropriate, legal guidelines for records retention and disposal should be established and closely followed in all organizations, without exception. The Encyclopedia of Records Retention provides personnel at all levels with quick, reliable access to the optimal records retention periods for most business applications. This Encyclopedia contains records retention requirements which apply to all types of corporations, organizations, and financial institutions; it contains over 4,000 record titles and covers about 95% of the records for most business entities.

If the requirements for records retention are established by law, then why is this Encyclopedia necessary? After all, even complicated laws are a matter of public record, and the government itself should be the primary source for their interpretation. For several reasons, that is not the case.

The most authoritative reference source for records retention is the Code of Federal Regulations (CFR), published by the Federal Register. However, the majority of codes listed in the CFR apply only to the records of government agencies, and most of the rest apply only to banks, brokerages, and financial institutions. In fact, most records generated and maintained by American businesses are not even mentioned in the Federal Register, and of those that are, many record titles do not specify the primary information sought by users, which is the statutory retention periods for those titles. Moreover, the guidelines in this very limited resource take no account of a company's records retention requirements with respect to operations, research, and historical needs. And over half the records retained by American businesses are exempt from CFR requirements anyway, because they are duplicates or operating/housekeeping type files.

The fact is that present laws and regulations provide little practical guidance in determining retention periods. Even the statute of limitations cannot help; it doesn't set retention periods, but only the length of

time in which litigation can force the delivery of documents or other data to the courts. Far from being a matter for easy public access, the situation is so murky and uncertain that many corporate attorneys, by their own admission, are themselves among the primary offenders in exceeding legal, practical retention requirements.

In any event, the requirements of law are just one of the criteria for establishing appropriate periods for records retention. The guidelines provided by the Encyclopedia of Records Retention are also based on operating, research, historical and audit/tax requirements, good business practices, and a number of years of experience in records management consultation. They have been developed collaboratively with attorneys, controllers, auditors, tax specialists, information managers, and executives in corporations and financial institutions of all types and sizes.

The information in this Information Guide to the Encyclopedia of Records Retention is in three parts.

Part I is the Introduction and Guidelines.

Part II describes the Intersect software designed for use with the Encyclopedia database, and also lists the Major Functional Classifications into which the actual Encyclopedia software database is organized. The Encyclopedia on the CD-ROM consists of over 4,000 records types and their appropriate retention periods, broken down into 23 major functional classifications. Each records listing in the software database shows:

- Record Code Number, used to identify each record series by title.
- Record Title, listed in alphabetical order by function.
- Records Considered Vital, identified by an X in the Vital Records column.
- Possible Microfilm Application, identified by an M in the Media column.
- Total Retention Period, designated in years for each record series.
- Records Retention Contingency Code, where retention is contingent on such events as audit, final payment, close. (See Part II for code listings.)

Because filing practices and file series makeup vary widely from one organization to another, records retention listings contained in this Encyclopedia should be interpreted broadly. In addition to the total period listed here for each series, users should assign office retention periods for records to minimize the unnecessary use of prime office space and filing equipment. Most records can be moved out of the office through disposal or retirement to the records center within one or two years; the exceptions are files with open activity, such as contracts, leases, projects, personnel and medical history, and work in progress, to name a few.

Some large-volume files should be retired even sooner: closed accounts payable vouchers, purchase orders, timecards, cancelled checks, and the like should be sent to the records center within three to six months or as quickly as possible after close or as references diminish.

Part III of this Information Guide is the Alphabetical Index, which lists all record titles in alphabetical sequence along with their record code numbers.

## **PRACTICAL CONSIDERATIONS: MAKING A RECORDS MANAGEMENT PROGRAM WORK**

### **Training and Education**

The best plan cannot prevent problems from arising. However, a good records management program that addresses not only paper documents but also electronic records, with a specific electronic risk control component, can help limit the potential exposure of the company.

Most companies have a records management program that maintains a database of records for archival and retrieval purposes, as well as a records retention schedule governing the length of time that certain records are retained.

Unfortunately, a records management program does no good if it is not followed, is not up-to-date, does not address electronic records, or is not communicated to employees and managers. Often records retention schedules are developed but are not adhered to by all departments within a company; department managers may be tempted to simply retain everything rather than exercising the discipline necessary to cooperate with a records management program by periodically reviewing and identifying records that are eligible to be discarded.

An on-going training component should be maintained for all new employees, and for refresher and update sessions with existing employees and newly-promoted managers.

### **Retention Control Schedules and Sub-Schedules**

An organization's records control schedule can run to many pages in order to document all of the types of records created by the company. Distributing copies of such a schedule to each department or division may not be effective, since typically only a small percentage of the total schedule will apply to any one department.

An effective alternative is to produce sub-sets of the company's control schedule for individual departments, with each sub-set containing only the record types that the individual department is concerned with, thereby reducing a large document to a few pages, all of which are relevant to a specific department. The difficulty in doing this is that the editing task can be substantial if a word processor is used for maintaining the schedule.

Software that allows convenient point-and-click production of sub-sets of a records control schedule is available from Intersect Systems Inc. – see [www.intersectsystems.com](http://www.intersectsystems.com). The Intersect Systems software allows convenient creation of a records control schedule, and provides for easy creation of sub-sets or sub-schedules to be created and published for view-only use within a company in printed form, in electronic form over a LAN or a WAN, or on a private intranet, for convenient reference within the company.

## **Periodic Program Review**

A periodic review of a records management program is good practice. A review should address the following questions:

- A. Does your organization have an up-to-date, formal records management policy and a program in place? Does the records management program have the commitment of the company behind it? (Commitment starts with senior management including the CEO.)
- B. Does your organization have an up-to-date records retention control schedule, to control retention and disposition of records? Does the records manager have the authority and support from senior management to insure compliance with the records control schedule?
- C. Is the records retention control schedule adhered to by division heads and department heads in the company? Is there a continuing information program for new managers to acquaint them with the company's records management program and their related responsibilities?
- D. Has the records retention control schedule been revised to include electronic records? Does the retention schedule apply to all types of electronic records generated by the company? Is there a formal Electronic Risk Control plan in place? Are personnel from information systems, accounting, human resources, legal, senior management, and the various operating departments aware of the plan?
- E. Are LAN and WAN server archiving and back-up policies and schedules well defined and adhered to? Are back-up media rotated according to a schedule? Are physical storage locations secure?
- F. Is there a central resource or process that maintains a record of applications software authorized for use, and by whom? Have policies been established for use of e-mail and access to the Internet, including personal use, and have these been communicated to employees?
- G. Does your records management program address trade secrets and proprietary and confidential information? Trade secrets and attorney-client communications can lose their privileged status if their confidentiality is compromised. A records management program must assure that access to this information is limited to authorized personnel.
- H. Does your company maintain a records database system that interacts with the records retention control schedule, and that allows convenient location of, and precise tracking of, records retention periods?

After a review of your company's records management program, changes or enhancements may be in order. Some areas for consideration include:

- A. Update and distribute revised policies and specific procedures for records management to managers and employees. Be sure to include employee privacy policies, e-mail usage policies, policies governing personal and company Internet usage, telecommuting policies, etc.

- B. Prepare and distribute a records control schedule to each department, preferably a sub-set of the company's overall schedule that includes only the types of records generated by each department.
- C. Establish a schedule for the Records Manager to review records eligible for disposal with each department or division manager to ensure compliance with the company's records retention control schedule.
- D. Include specific emphasis on electronic records, and on electronic risk control.
- E. Standardize the way data is created and saved, including uniform naming conventions and uniform directory and server space allocations.
- F. Establish distribution management controls to reduce the uncontrolled distribution of data. The ease with which data can be copied and distributed is one of the primary difficulties in managing computer records.

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Intersect Systems Inc. personnel can be available to assist in a review of your records management program, and in planning for improvements. For more information, contact Intersect at (972) 641-7747.

If an extensive analysis of an organization's computer infrastructure and company-wide computer system architecture is desirable, Intersect can recommend experienced specialists who can assist.