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Shred or Retain? A Closer Look at Records Destruction/Retention Policies

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What is a record destruction/retention policy?

A record destruction and retention policy provides for the systematic review, retention and destruction of records received or created in the course of business.

It will identify records that need to be maintained and contains guidelines for how long certain records should be kept and how they should be destroyed.

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What is a record?

Any material that contains information about plans, results, policies or performance.

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Reasons for developing policies

- Operational
- Defense of actions
- Civil penalties
- Criminal penalties
- Best practices

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Drafting the policies

- Who should be involved in drafting
- Where to begin
- What policies should cover

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Creating the policy

- Determine what must be retained.
 - Permanent
 - Non-permanent
- Determine how long to retain.
- Create logical categories of records.
- Identify special categories of records that may have special retention periods.

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Categories of records

- Governance and founding records
- Tax exemption and tax compliance
- Finance and accounting
- Personnel records
- Insurance records
- Legal records (contracts); charitable registration and fundraising
 - Gift agreements

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Special categories

- Records of client information
- Volunteer records
- Intellectual property
- Computer and internet records

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Drafting the policy

- Records to be retained and for how long.
- Absent a specified retention period, records to be destroyed on a regular basis, but only in accordance with the policy.
- Records relevant to a legal investigation not to be destroyed.
- Responsibility for compliance.
- Consequences for violation of the policy.

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Retaining records

- Is retention required?
- Is there a future use?
- Will there be a negative result if the record cannot be found in the future?
- Can this record be stored in another form or obtained from another source?

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Storing records

- Does the record need to be on hand at all times?
- Can it be stored nearby?
- If archived electronically, is there a back up?
- Personnel records/medical records/health records.
- Inventory of stored records.

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Destroying records

- Procedures before destruction
- Method of destruction

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Communication to staff and board

- How to store records
- When to destroy
- Impact of failure to comply with the policy

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Review of policy

- Implement consistently.
- Assess whether revisions need to be made.
 - new/different categories
 - new procedures
- Ensure dissemination.

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Policies required through disclosures on the 990

- Conflict of interest
- Setting compensation for key employees
- Governing joint ventures with taxable entities
- Whistleblower protection
- Record retention and destruction

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Other resources from the Center

Software Tool:
My Risk Management Policies
www.riskmanagementpolicies.org

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July 7, 2010 2 p.m. Eastern
House of Cards or House of Brick? Evaluating
Organizational Structure

Explore strategies to diagnose risks and shore up the
foundation of your nonprofit.

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Any questions?

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