

# Time to review

How to create a good document retention policy **Interviewed by Troy Sympson**

**A** document retention policy provides for the review, retention and destruction of records and documents that a business either receives or creates in its everyday business activities. A good policy should identify what documents need to be retained and for how long as well as when certain documents can or should be destroyed. It is needed not only for future reference purposes but also to comply with regulatory requirements under either state or federal laws.

“In the past, BCA (before computer age) document retention was based on file capacity, but now capacity is no longer the overriding issue,” says Johnny J. Veselka, a shareholder with Briggs & Veselka Co. “Today, the issue is how long do we need to keep documents in case we are involved in litigation or our records are subpoenaed by government regulators or in other court proceedings.”

*Smart Business* spoke with Veselka about document retention and why it's so important in today's business world.

## What role does document retention play in today's business world?

Document retention is necessary to be able to refer to and extract data that has been recorded in the past, in order to conduct business and also to protect the business in cases of potential legal action and to comply with rules and laws on document retention.

## What problems or issues can arise from document retention?

A lack of a good document retention policy can result in a lack of efficiency in business operations and a lack of storage space. You may be exposed to harsh results in litigation. Destruction of the wrong information or deleting important e-mails can have disastrous consequences for your business, as well.



**Johnny J. Veselka**  
Shareholder  
Briggs & Veselka Co.

## What is the answer for business today?

A good document retention policy not only states how long certain types of documents must be kept but also where they are to be kept and who is responsible for maintaining those records. Today, it is typical for 80 percent of business documents to reside on employees' desktops and laptops. Therefore, all employees, not just records management people, need knowledge and understanding of the company's rules on document retention. Beyond knowing how long to keep documents, it's also important to know how to properly destroy documents that have passed their retention date.

A powerful document retention policy will allow a company to respond confidently to a court order by saying either, 'The document exists and here it is,' or, 'The document no longer exists, and here is the date and time it was destroyed in accordance with our published document retention policy.'

## Why are document retention policies so vital?

Most, if not all, information is now being stored electronically. So, you must purge data that is no longer useful and/or is past its retention period. This will decrease the need for more storage capacity and reduce the length of time necessary to perform backups of company data.

Recent amendments to the Federal Rules of Civil Procedures have addressed how electronically stored information can be exposed during legal matters. Thus, it's important that you and your staff know what, where and how data is being stored and destroyed.

## How can you make sure your document retention policy is working?

You have to stay on top of your policy and always follow up on it. Make sure everyone is following it from the day you implement it. Don't loosen up on the policy over time — always ensure it is being followed to the letter. Also, keep track of your backup tapes and off-site hard-copy storage. Tape backups must be included in the retention policy. This holds true for those that store hard-copy documents off-site. These documents should be included in the retention policy, as well. Finally, make sure your staff, from top to bottom, is well versed in your document retention policy. The more educated you and your employees are, the more successful your policy will be.

The rules for how long documents should be kept can vary by type of business. To learn the document retention requirements for your business, contact any of the following: your accountant, an attorney, or your state or national trade association, or search online for time limits. <<

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