

# Project System for Office Documents Retention

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**Abstract:** The organization, depending on its unique characteristics, needs to establish a system of how the records will be restored that will manage the stored records and which will maintain a list of the stored records. The regulation that governs retention periods depends on the organization. Effective records management is more than just a filing and storage system. Records management is the systematic control of recorded information that is required in the operation of an organization.

**Keywords:** Documents Retention, records management, storage system.

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## I. Introduction

Appropriate record retention is important for a business and any cases the business is required to obey the government regulations for storing and destroying paper files. Suitable record retention helps to avoid business liability and helps business' operations to be efficient. Disorder records may cause loss time, reducing business opportunities and possibly losing tax advantages. In Addition, if any incident happens such a fire, the record retention is a significant factor to recover any information. Moreover, record retention policy and procedure guarantees that important documents are kept safe and can be restored upon request. This paper will handle the systems development of records retention and disposal.

### System Requirement Analysis

The kind of records and the duration to get them back is a critical issue that any business has. As brought to light with the Enron Corporation case in October 2001, the pre-mature document destruction created a corporate scandal that leads to the bankruptcy of Enron. This scandal created a trend that is now requiring records to be kept for a longer period than previously thought necessary. Records should be grouped into three categories:

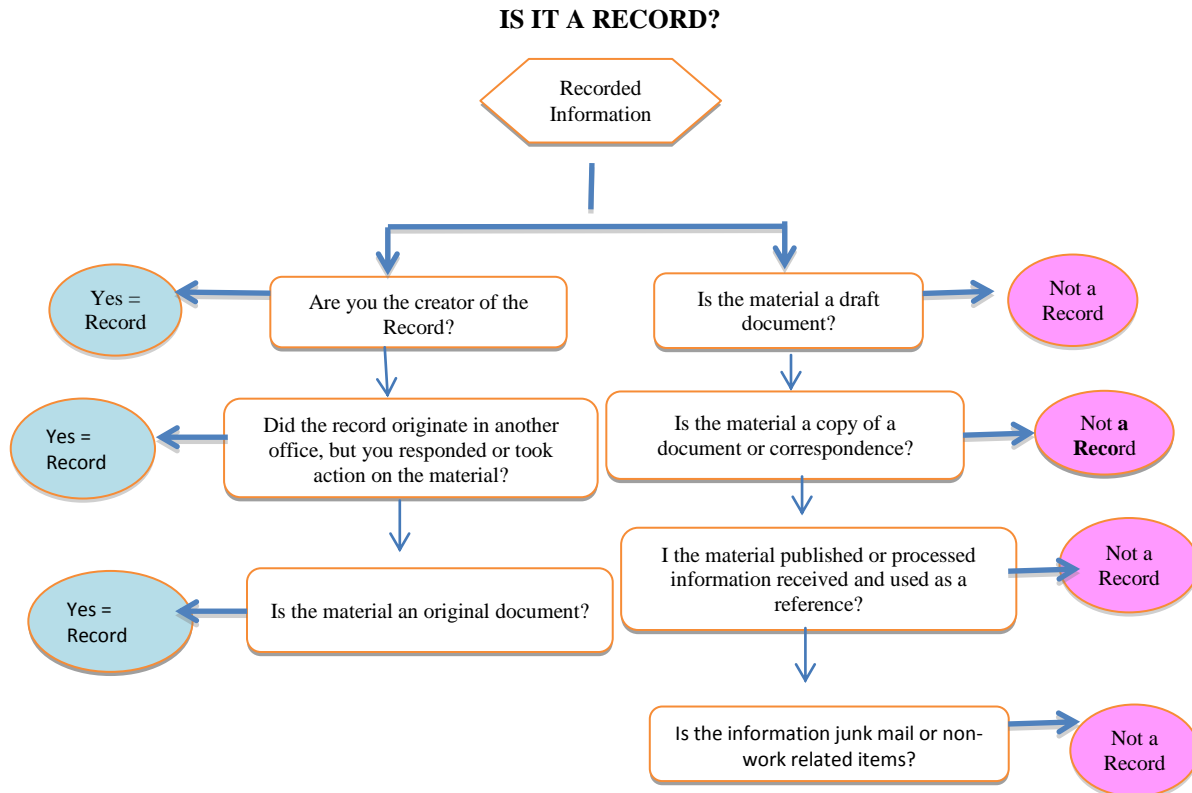
1. Records the organization “must keep”
2. Records that an organization “want to keep”
3. Documents or records that are not in either the “must keep” or the “want to keep” categories.

The "must kept" records category must be maintained by all organizations pursuant to a general legal requirement that are required to be maintained by the government regulation. Records in this category should be retained for the amount of time required by law or regulation, or until they are no longer needed.<sup>1</sup>

Records in the “want to keep” category are records that are not subjected to a legal requirement; however, they serve a valuable business or administrative purpose of the organization. These records should be dated with a destruction date when they are stored. If there is no destruction, the periodic review of these records should be done to determine whether they still provide value or not. The third category is the “destroy/delete” category. These records include all records that are not required to be maintained by law or regulation. All records in this category should be destroyed or eliminated.

## II. Survey Overview

The organization, depending on its unique characteristics, needs to establish a system of how the records will be restored that will manage the stored records and which will maintain a list of the stored records. The regulation that governs retention periods depends on the organization. Effective records management is more than just a filing and storage system. Records management is the systematic control of recorded information that is required in the operation of an organization. To start a retention system, we have to determine if the documents are a record for storage. A record is a “document, book, paper, photograph, sound recording or other materials regardless to the physical form or characteristics that made by the law or in connection with the transaction of official business.” The flowchart illustrates a good decision way.



After determining if a document is a record for storage, then the next step is developing guidelines for the length of the retention period. The Internal Revenue Service (IRS) is a good source for record retention. According to IRS Regulation - 26 CFR 1.6001-1, it recommends that the accounting records be retained for a period of 7 years.<sup>ii</sup> However another source states the general retention period for records relating to a tax return where there are additional taxes owed is three years; records relating to a credit or refund claimed after a tax return was filed is three years or two years from the payment of the tax, whichever is later. Records relating to a claim for a loss from valueless securities or bad debt deduction are seven years, additional all employment tax records is four years from when tax becomes due or is paid, whichever is later.

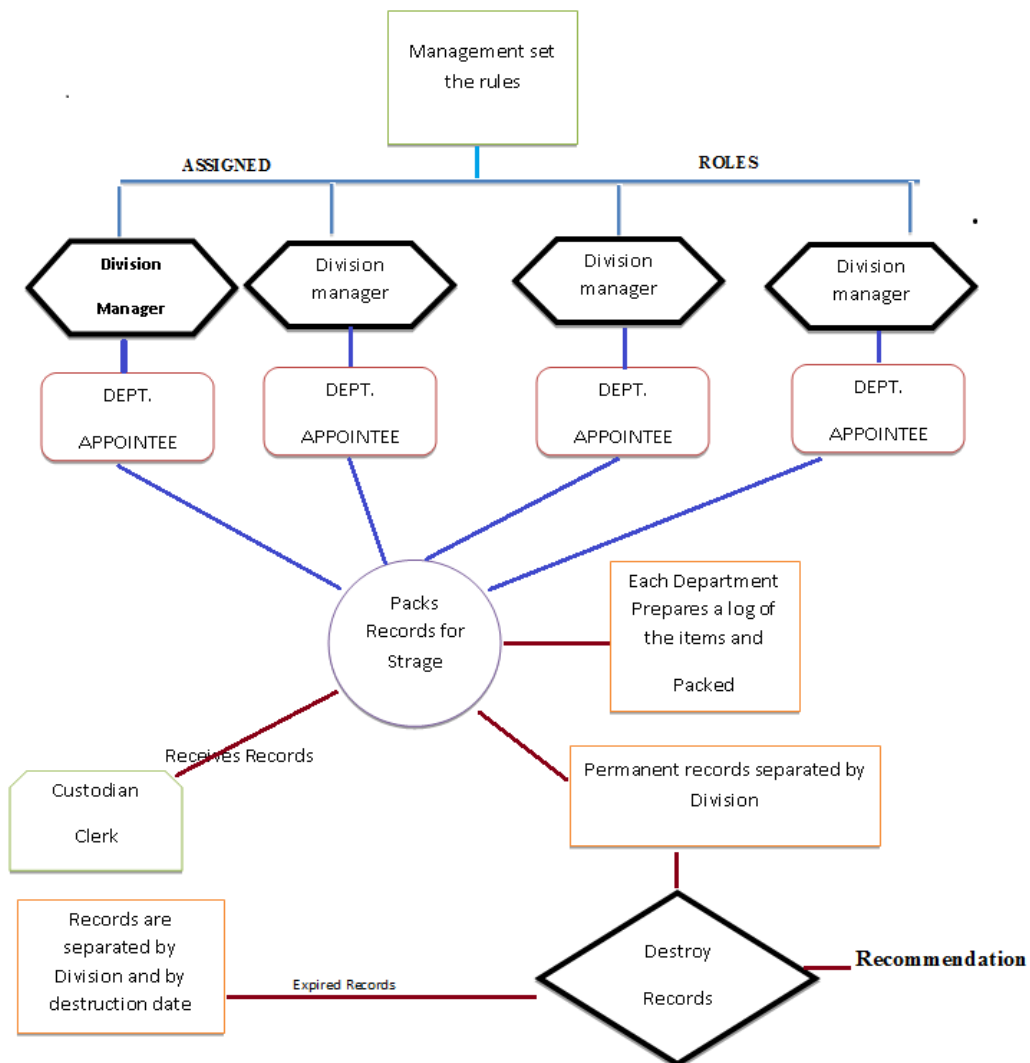
The suggested retention period for certain employment records is: companies with at least 15 employees must retain applications and other personnel records relating to hires, rehires, tests used in employment, promotion, transfers, demotions, selection for training, layoff, recall, and terminations for a period of one year. Basic employee information such as demographic data, pay rates, and compensation records should be held for one year. Payroll records should be retained for three years. Supplementary basic records order, shipping, billing records; and records of additions to or deductions from wages, such as child support, should be retained for a period of two years. Records of job-related injuries and/or illnesses are recommended to be retained for five years.

### III. Creating the Retention Process

The systems begins with management of the organization setting the rules, next the divisional manages appoints someone in each division to be responsible for determining what needs to go to storage from their department. Then that person will pack the records and record every record that is being pack in the box on a log. Each box will be properly labeled with the description of contents, the date of the items and destruction date unless the items are permanent records. Once the records are ready to go to offsite storage there needs to be a records custodian at the offsite location, who will be responsible to manage the stored records.

This person will store the storage boxes according to the divisions where the records originated such as all accounting department records will be placed in an area together, marketing department records will be placed together, payroll department records will be placed together and so on. The storage boxes that are permanent recorded will be placed in a different area but are sorted according to the departments. The other storage boxes will be placed together by department category with the boxes being sorted by destruction date. Once the destruction date has occurred, the records custodian will pull the storage boxes to properly destroy the records by ripping them. The workflow design illustrates the logistics of this project.

### IV. Workflow Design



To ensure that a record retention project is successful once it is established, it is important for personnel at all levels of the organization to be trained about the policy. Everyone should be informed about what is expected and required under the record retention project. Educating members of the organization is critical for correct record retention. Sound records retention will help an organization to comply with its legal duty to maintain records and reduce the unnecessary problem and expense of retaining those records for too long.

## **V. Conclusion**

Developing a records retention program is very important to any organization. Knowing what should be retained or when a record should be destroyed saves the organization a lot of cost in offsite storage and dated retention keeps the records for possible future legal action, tax purposes, and for business purposes.

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