Making Records Retention Easy

A Digitech Systems, LLC eBook

Executive Summary

Five Easy Steps

MAKE A PLAN

CLASSIFY YOUR RECORDS

SECURE YOUR RECORDS

COMPLY WITH POLICIES

ELIMINATE EXPIRED RECORDS

Does your organization have a formal, written, records retention policy in place? In many industries, organizations are unsure of what they should or shouldn't be keeping and by default, many just keep everything. However, keeping it all is not good records management. If your organization is ever involved in litigation or a regulatory inquiry where you have to produce the information you need to be able to quickly and securely access your data. If you cannot produce the records the court requests you can be held liable. Without a formal records retention policy in place that explains the reason for destroying documents, you can be also be held accountable for records that you are unable to find.

In today's complex business environment, a comprehensive records management program with processes that are consistent, repeatable and auditable is a crucial component to the overall success of any organization. Thanks to advances in technology a records retention policy is easy to setup and maintain with Enterprise Content Management (ECM) software, such as ImageSilo® or PaperVision® Enterprise. In just five easy steps your organization can ensure compliance, improve security, and save money.
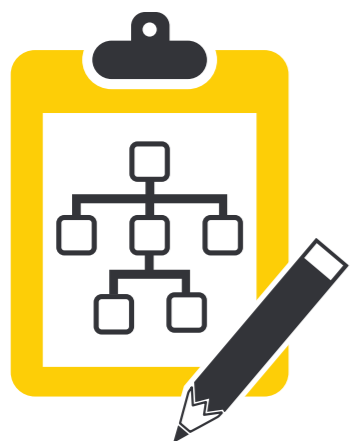
Let's get started making a plan.

> **" Companies leading the way into digital transformation have profit margins up to 57% higher than those who choose to remain in the past. "**
>
> - Harvard Business Review, 2017

> **" 73% of IT professionals think their company doesn't give them the time and resources to successfully implement a data management policy. "**
>
> - Veritas, 2016

What kind of records does your organization need to be keeping? That is the first question you must answer. Being able to identify what documents and data types you have is an important and necessary step to complete before you can determine what you need to be keeping.

On the next page use our handy chart to figure out what records your organization should be thinking about.

What should I be keeping?
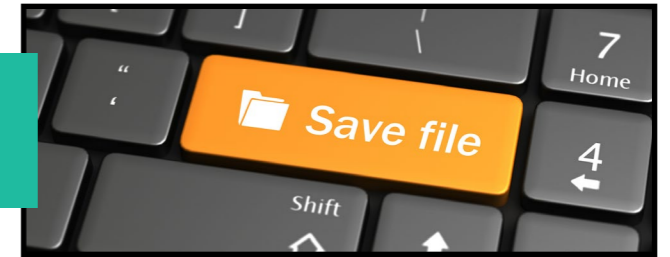
Almost every state or federal regulation includes a records retention component.
Most organizations have to retain at least some, if not all, of the following records:

- Financial Records
- Human Resources & Payroll Records
- Medical & Insurance Records
- Corporate & Legal Records
- Customer Records
- Shipping & Receiving Records

What kind of records do you have?
- ☐ Paper Documents / Filing Cabinets
- ☐ Electronic Documents / Computers / Mobile Devices / Flash Drives / Disks
- ☐ Emails
- ☐ Websites

Questions to ask:
- Are my records on paper?
- Do I need to retain email?
- How long do I have to keep it?
- Who sends information to my organization?
- How does my organization receive personal information?
- What kind of information is collected at each entry point?
- Where do I keep the personal information that is collected?
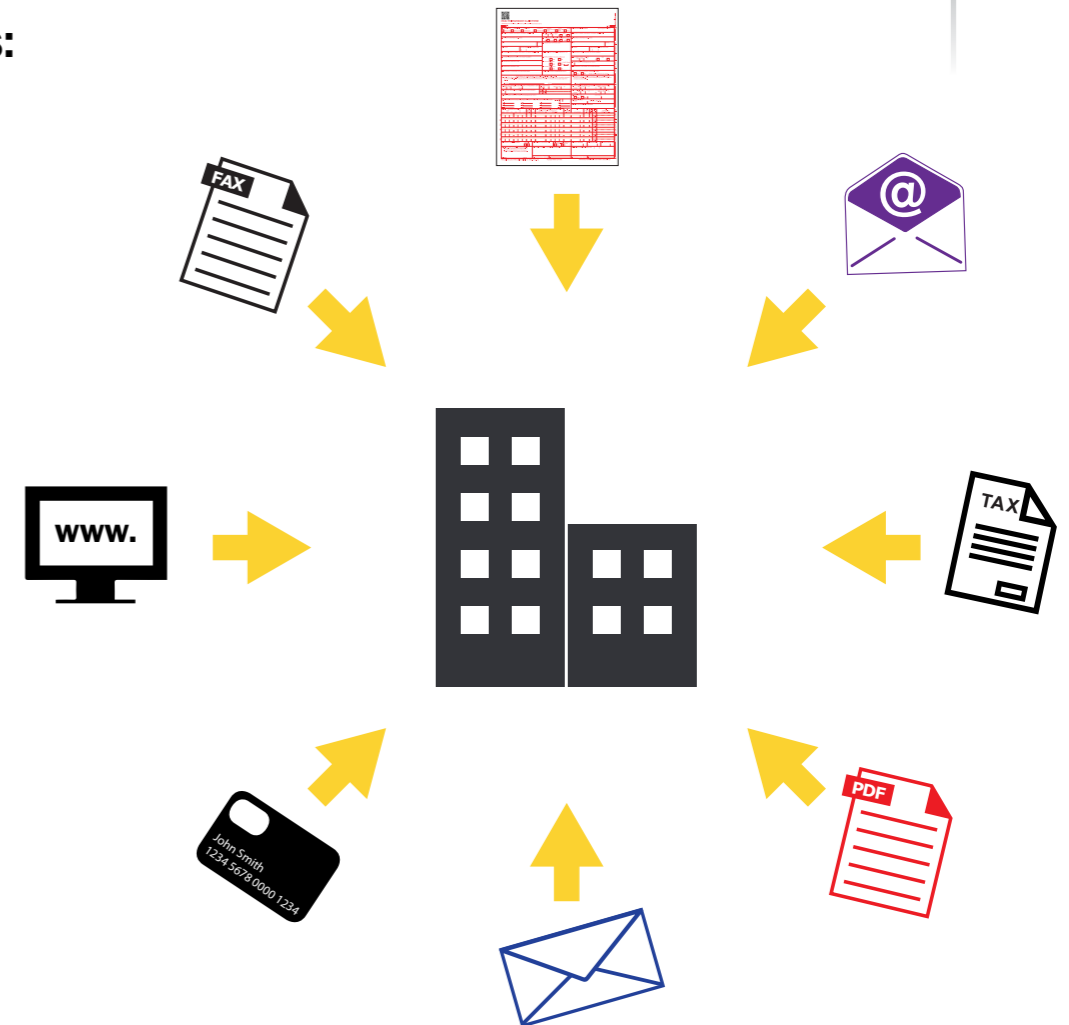
Understand how data moves into, through, and out of your business and who has, or could have access to the information. Now that you have figured out what records you need to be keeping, the next step is to organize your files. (See page 11 for more industry specific details)

> **Unstructured data** (documents, spreadsheets, presentations, audio and video files, email, and the like) **can comprise 80% to 90% of total enterprise data.**
> - Information Governance Group LLC, 2017

Many organizations leverage scanning software such as PaperVision® Capture or PaperFlow™ to digitize any and all paper records. Once records are digital, they are then loaded into the ECM system for safe keeping. PaperVision Enterprise and ImageSilo both come with flexible records retention processes and best practices to give you the freedom to tailor retention and destruction schedules to fit your organizational needs.

Not having a solid policy in place can leave your organization vulnerable. Are you wiling to take the risk?

Is it worth the risk?

Without a solid records retention plan in place, your organization is at increased risk to run into legal problems, noncompliance fines, and other cybersecurity issues.

Reduce human error and automatically assign appropriate retention and destruction rules to make the process simple, saving the entire organization time, and ultimately, money.

According to a recent AIIM information management survey organizations revealed the following:

- **18%** align their ECM system strategies with agreed information governance policies

- **24%** have no mechanism to limit stored content volumes

- **47%** have a record management policy that defines retention and destruction policies

- **51%** rely on manual deletion versus 25% who have automated deletion

- **7%** are using analytics tools for data clean-up

Don't leave your organization vulnerable and make sure your information is securely protected at all times.

Documents that are requested for litigation can cost $17,507 per gigabyte (roughly 3,500 documents or 10,000 e-mails).

- The 2012 Rand Study

The math is not pretty – a case involving 482 GBs of source data could exceed $8 million in eDiscovery costs.

- The 2012 Rand Study

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STEP 3:
Secure It

> "By 2020, more than 60% of organizations will invest in multiple data security tools such as data loss prevention, encryption and data-centric audit and protection tools, up from approximately 35% today."
>
> - Gartner, 2017

Ensuring your data is secure from theft, loss, natural disaster or cyber attacks is of increasing importance. In order to ensure you maintain regulatory compliance, your data must be maintained securely.

By implementing an ECM system such as ImageSilo® or PaperVision® Enterprise, you can be sure your data is always safe.

However, electronic security isn't the only type of security an organizations must consider.

> "You are going to be hacked. Have a plan." - Joseph Demarest, FBI Cyber Division

Are your records safe?

However you store your information your organization needs to make sure it is securely protected at all times.
The most effective data security plan consists of four key elements:

1. Physical Security – When storing paper documents, files, flash drives, and back-ups that contain critical personal information, it is important that these files be locked in a room or in a file cabinet that is secured. Employees who have access to these sensitive documents are to not leave them out in the open or unattended.

2. Electronic Security – Records that are stored electronically must be protected securely. Vulnerabilities can occur in several forms and it is best to take necessary precautions in order to prevent attacks or breaches to your organization's network. For example, files stored in an ECM system should be protected with encryption both during transmission and at rest to help your organization defend against attacks.

3. Authentication – Restricting user access to information is also an important security measure. This can be accomplished through extensive security settings to control user, project, and document settings. Gain regulatory confidence with evidence of audit trails, security controls, user activity, document history, and records retention policies.

4. Disaster Recovery – Records stored in an ECM system are securely protected from both loss, theft, natural disaster, and cyber criminals. Data is safely stored in the cloud or on-premise data can be packaged into encrypted files and transferred off-site, allowing easier recovery from disaster.

Once files are securely protected, your organization must determine what policies with which you must comply.

The average total cost of a breach ranges from $2.2 million for incidents with fewer than 10,000 compromised records to $6.9 million for incidents with more than 50,000 compromised records.

- Ponemon Institute Cost of a Data Breach Study 2018

STEP 4: Comply With Policies

> "The number of large organizations citing compliance and risk as the largest driver for record management has risen sharply in the past year from 38% to 59%."
>
> - AIIM, 2016

TRANSPARENCY

REGULATIONS

STANDARDS

RULES

REQUIREMENTS

LAW

GOVERNANCE

POLICIES

Each organization located in the United States must comply with federal regulations mandated by the government. In addition, almost every state has additional regulations that mandate how long records must be kept.

The Sarbanes-Oxley Act (SOX), Federal Rules of Civil Procedure (FRCP), Health Insurance Portability and Accountability Act (HIPAA), and countless other regulations present short-term, long-term and even permanent records retention requirements for organizations of all sizes.

Please consult your attorney to determine which regulations apply specifically to your industry. On the next page, we will look at some common federal regulations.

What regulations apply?

Almost every data regulation includes a records retention component.
Most organizations have to comply with the following at a minimum:

- **Sarbanes-Oxley Act (SOX) –** Designed to increase corporate responsibility by regulating financial activities and record-keeping.

- **Health Insurance Portability and Accountability Act (HIPPA) –** healthcare providers must secure Protected Health Information (PHI), exchange data electronically, and protect patient information from unauthorized access.

- **Federal Rules of Civil Procedure (FRCP) –** Requires organizations involved in lawsuits and federal litigation to preserve and recover electronic documents and email messages as part of the discovery process.

- **Gramm-Leach-Bliley Act (GLBA) –** Requires financial institutions to securely store personal financial information, advise individuals on their data sharing policies, and track user activity.

- **SEC Rule 17 (SEC 17) –** Regulates brokerage firms, transfer agents, clearing agencies, and the nation's self-regulatory organizations (SROs) and specifies which documents should be retained, including purchase and sale documents, customer records, associated person records, customer complaints, and "certain other matters."

Now that you have a feeling for the laws, it's time to protect yourself by getting rid of records you don't need.

> " A mega breach (involving 1 million compromised records) could cost as much as $39.49 million. Unsurprisingly, this figure increases as the number of breached records grows. A breach involving 50 million records would result in a total cost of $350.44 million. "
>
> - Ponemon Institute Cost of a Data Breach Study 2018

STEP 5: Eliminate Expired Records

> ## 87% of office professionals store items that could be harmful to the company or their position there.
>
> - Veritas, 2016

Believe it or not, saving everything puts your organization at greater risk than if you had thrown the record away. Record destruction is almost more important than retention. If you keep it, the court can find it and you can be held liable.

However, according to a recent AIIM survey, 47% of organizations said they had records retention policies in place, but 51% were still relying on manual deletion of records. Implementing a Business Process Automation (BPA) solution such as PaperVision® Enterprise WorkFlow to automate the deletion of your records can help your organization stay on top of expired records. In addition, the BPA solution can override a destruction policy if documents are placed in a legal hold, to help the entire organization ensure records involved in lawsuits are not deleted by accident.

On the next page, we will explore when you can get rid of some of your common business documents.

How long do I keep that?

Since many common business documents must be retained in accordance with federal law, here is a list of how long common documents must be kept :

ACCOUNTING

AR/AP Ledger	7 years
Bank Reconciliations	2 years
Cash Disbursements/Receipts	Permanently
Chart of Accounts	Permanently
Depreciations Schedule	Permanently
Expense Reports	7 years
Financial Statements	Permanently
General Ledger	Permanently
Inventory Records	Permanently
Journal Entries	Permanently
Petty Cash Records	7 years
Tax Returns	Permanently

HUMAN RESOURCES & PAYROLL

Accident Reports	7 years
Attendance	7 years
Benefits	5 - 7 years
Employee Applications	3 years
Payroll Records - After Termination	10 years
Personal Files - After Termination	7 years
Personal Files - Current Employees	Permanently
Safety Reports	5 years
Salary Hours	8 years
Time Reports	7 years

CORPORATE / LEGAL

Annual Report	Permanently
Articles of Incorporation	Permanently
Audit Reports - External	Permanently
Audit Reports - Internal	6 years
Contracts	Permanently
Copyrights, Trademarks, Patents	Permanently
Correspondence, General	2 years
Correspondence, Legal/Tax	Permanently
Correspondence, Routine	7 years
Mortgages, Licenses, Deeds	Permanently
Organizational Charts	Permanently
Partnership Agreements	Permanently

INSURANCE

Accident Reports	6 years
Claims - After Settlement	10 years
Fire Inspection Reports	6 years
Group Disability Reports	8 years
Policies - All Types - Expired	4 years
Insurance Policies	6 years
Safety Reports	8 years
Settled Insurance Claims	4 years

SHIPPING & RECEIVING

Export Declarations	4 years
Freight Bills	4 years
Manifests	4 years
Waybill and Bills of Lading	4 years

PURCHASING & SALES

Purchase Orders	3 years
Requisitions	3 years
Sale Contracts	3 years
Sales Invoices	3 years

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- Information in this guide has been sourced from the links below:
  http://www.cpa.net/resources/retengde.pdf
  https://www.businessarchives.com/document-retention-requirements.asp
  https://www.bbb.org/globalassets/local-bbbs/clearwater-fl-47/clearwater_fl_47/bbb-records-retention-schedule.pdf

Lets take a look at some real customers and see how implementing an ECM solution helped them. >>

Real Customer. Real Results

United Illuminating was established in 1899 and provides electricity and related services to over 333,000 residents in the Connecticut area. Labor-intensive procedures in the accounts payable (AP) department were costing them thousands of dollars a year. Additionally, they were running out of room because, in order to comply with federal regulations, they have to keep most documents forever. They needed a permanent archive solution that would make records easily searchable and retrievable to anyone that needed them.

After implementing ImageSilo in the AP department, they have improved their audit efficiency by more than **50 hours a year,** ensured compliance with Sarbanes-Oxley Act (SOX), and have **eliminated $20,000** a year in overtime expenses.

"Thanks to ImageSilo, six hours of document preparation now takes minutes, and overtime costs have been eliminated. With audit trails, recorded disclosures and documented evidence of system activity, we can ensure the AP department is in compliance with SOX."
- Major A. Ruth
  Accounts Payable Supervisor

Shopping List:

✓ Scanning software that converts paper documents into electronic files

✓ A cloud storage solution to allow access to any document, at anytime

✓ Automatic document tracking to make auditing a breeze

By 2020, **more than 60%** of **organizations will invest in multiple data security tools** such as data loss prevention, encryption and data-centric audit and protections tools.
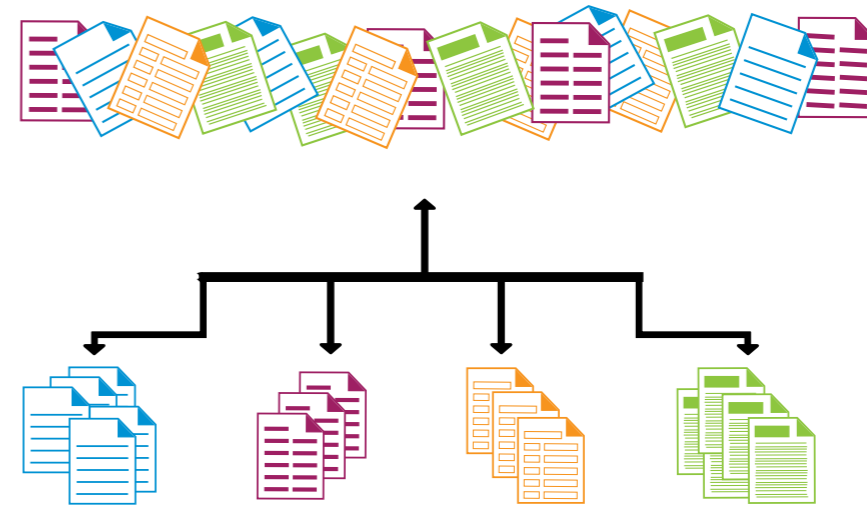- Gartner, 2017

Real Customer. Real Results

Vulcan Materials was founded in 1916 in Birmingham, Alabama. They are now one of the top five producers of construction aggregates in the United States. However, at their Midwest distribution, they were drowning in over 200,000 paper shipping tickets arriving each month. These tickets were shipped semi-weekly from 30 locations to headquarters to be sorted and filed by hand in a 200 square-foot storage space. After they store them for seven months on-site they then re-box and ship them to an off-site storage vendor. With a monthly shipment of about 15 boxes and a retention period of three years, their records storage costs were averaging $21,600 per year.

After implementing ImageSilo, they can **locate tickets in 30 seconds,** have set up a records retention schedule and are no longer saving everything, have improved their customer service, and realized a **498% return on investment (ROI)** in just three months.

"We've changed the way we manage and track deliveries for the better! All the delivery tickets are now managed electronically, and customers can even look up their own information. Our customer service representatives are no longer searching through paper records or calling the off-site vendor for retrieval. Now, representatives pull up data immediately without ever leaving their desks."
- David J. Muno
Credit and Collections Manager

Shopping List:
✓ Digital workflow to automatically route and send information
✓ A document storage system that allows searching for content using keywords
✓ Retain and discard documents to comply with retention regulations

69% of office professionals started to organize or delete their old files, but stopped because it was too overwhelming.
- Veritas, 2016, 2017

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Contact us to learn more about how to make record retention easy.
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