

CHAPTER IX: RECORDS MANAGEMENT

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Note on Chapter IX: This chapter represents the standard for records management approved by the Board of the Archives of the General Convention during the 1992-1994 triennium. If you wish to receive a copy of the final draft of this chapter as approved by the Board, please contact the Archives of the Episcopal Church, PO Box 2247, Austin, TX 76768, (800) 525-9329.

Introduction

This chapter offers guidelines on practical issues that treasurers and administrators of congregations will encounter with business records. The chapter includes a general retention schedule that can be modified and adopted for a congregation's use.

Section A. Custodial Responsibility

The Vestry has a custodial responsibility for the records of the congregation. Treasurers, bookkeepers, and administrators should be knowledgeable about the congregation's records that sustain its institutional history and integrity. They should be placed within its facilities or in a safe, accessible location. A congregation's records and archives may be relevant in future litigation. Should there be threatened litigation or an investigation, files and documents relating to that matter should not be destroyed. Under no circumstances should records of an active or closed congregation be alienated from the custody of the continuing congregation, the successor entity or the diocesan authority.

Records are kept in a variety of ways: original documents, hard copy paper records, computer records, including CD-ROM, and microfilm. Keep in mind that computer data may be software or hardware-dependent.

Section B. Records Retention Policy

A records retention and disposition schedule is valuable if it is adopted and applied consistently by the congregation and used as part of a larger effort to manage

information. Government regulations do not require an organization to have a records schedule, nor do they usually state explicitly which records should be created and held.

1. *Federal and State Law:* In some instances government has been explicit in stating that records must be created and maintained for specific lengths of time. These requirements are either issued by government agencies or, less frequently, enacted by statute. Some of the more important statutes that affect retention are the Civil Rights Act, Equal Pay Act, Fair Labor Standards Act, the Federal Unemployment Tax Act and the Uniform Rules of Evidence Act. Regulations are promulgated as administrative law through the *Federal Register* and published in the *Code of Federal Regulations*. They are broader and more numerous and include those of rule-making agencies such as the Internal Revenue Service, the Equal Employment Opportunity Commission and the Wage and Hour Division of the Department of Labor.

Agency regulations are rarely helpful in naming or defining in practical terms the record types. The following formulation from the Department of Labor serves to illustrate:

Form of Records. No particular order or form of records is prescribed by the regulations in this part. However, every employer subject to any provisions of the Fair Labor Standards Act of 1938 ... is required to maintain records containing the information and data required by the specific sections of this part. (29 CFR Title 9 Part 516.1(a)).

While Federal requirements can be uniformly applied as standards, state laws and regulations vary. They diverge markedly from one another in areas traditionally left to state oversight, such as health, work place safety, insurance, contracts and industry. In those areas that have the most effect on congregations, however, state regulations tend to remain close to Federal guidelines. Tax and employment records fall into this category. By following the retention periods, including provisions for the current year, maximum state retention requirements should be satisfied.

2. *Special Classes of Records – Taxes and Employment:* The rules of exemption from state and Federal taxes are carefully drawn and are closely monitored by regulatory agencies. Having received tax exempt status, an organization is not released from record-keeping responsibilities. Certificates, filings and evidential backup documentation are required for the variety of compliance and audits that could be performed on part or all of a congregation's financial operation.

Often, a congregation engages in one or more activities that generate questions regarding tax reporting or liability for the congregation or its membership. These include: payroll, withholding, and related compensation for consulting, travel, scholarships, etc; rent, purchase and sale of real estate; the operation of bookstores, thrift shops and other concessions; and fund raising and solicitation of charitable gifts. Documentation should be created to substantiate critical distinctions between income that is related and unrelated to church business. Congregations that make an effort to document these activities clearly and in a format that shows an historical pattern are better protected when and if an inquiry arises.

Tax laws are unusual in that they have the reputation of assuming guilt until the taxpayer can prove otherwise. Retention is strongly implied by tax law, which places

the onus on the taxpayer to establish evidence of income, deduction and exemption. The Internal Revenue Service requires taxpayers to retain 'permanent books of account or records, including inventories as are sufficient to establish ... any return of such tax or information,' (26 CFR 1.6001-10). By 'permanent' the agency is referring to the treatment and format of the record while it is legally useful. Human-readable forms must be retained in good copy, computer records must also be kept as supporting documentation along with system documentation and an audit trail on the computerized accounting application (IRS Rev. Proc. 86-19).

The Internal Revenue Service, the Department of Labor and the Equal Employment Opportunity Commission require that employers keep payroll and benefits records that:

- a. Verify level of employment, job status, total compensation, and deductions;
- b. Enumerate hours worked on a daily basis and rates of pay;
- c. Document recruitment, hiring, promotion and compensation practice across the congregation;
- d. Substantiate retirement plans including plan documentation and contributions; and
- e. Detail injury and illness associated with occupational activity or the work place.

Section C. Disposition of Records

The final disposition of records is key to the rationale for using a retention schedule. Two basic designations exist for records when their retention periods have been reached: *Obsolete Records* and *Permanent Records*.

1. *Obsolete Records*: Records that have been maintained for the purpose of fulfilling a temporary administrative, fiscal or legal requirement should be destroyed at the end of the retention period. For the sake of simplicity, retention periods are usually measured in annual accumulations, although some records can be discarded after use, when they are superseded (or after review) for selective retention. When setting retention periods, the usual practice is to exclude the current year from the count. For purposes of destruction this method has the effect of dating all material created within one calendar year as if it were created on December 31. Sometimes this formulation is expressed as "CY+" (current year plus a number of succeeding years).

Records identified for disposal should be carefully handled. Keep the following points in mind:

- a. Maintain a log or other record of the classes and dates of records to be destroyed. This can be an annotated version of an existing inventory on file.
- b. Oversee and sign off on the destruction. Notify another employee or member of the congregation when destroying records. Do not leave this task to any person who is unfamiliar with the process or is not authorized to act on behalf of the congregation.

- c. Verify labels and contents by checking inside boxes. Do not assume that the label is correct or inclusive. Do not reuse marked boxes without obliterating previous labels.
 - d. Destroy the record in a manner appropriate to the level of confidentiality of the information. Most records can be recycled or placed in landfill but documentation, such as payroll and donor information, should first be shredded. Always protect the privacy of employees and members of the congregation.
 - e. Never destroy records in anticipation of pending litigation.
 - f. Modify the record retention schedule by following a formal process. Bring proposed retention policies before appropriate committees and the Vestry to receive approval for changes.
 - g. Never destroy any record on a subjective assumption of value. Obtain another opinion if there is any question regarding a record's long-term administrative or historical value.
2. *Permanent Records*: Permanent records are those that have an enduring informational value to the congregation, the Episcopal Church and the community. These enduring values are based on several overlapping criteria, any one of which may satisfy the definition of a permanent record:
- a. Administrative value (e.g., building plans, annual reports)
 - b. Fiscal value (e.g., trust fund files, property inventories, restricted gift documents)
 - c. Legal value (e.g., meeting minutes, deeds, correspondence)
 - d. Evidential value (e.g., subject files, publications, photographs)
 - e. Intrinsic value for exhibit (e.g., memorial registers, cancelled mortgage deed)

Transferring records to the archives implies that a safe and proper place within the church facilities has been set aside for their protection. Under no condition should a congregation's records be alienated, removed or deposited elsewhere without the informed consent of the Vestry.

Section D. Business Records Retention Schedule for Congregations

The retention schedule that follows is to be used as a guide for business records. Congregations interested in a more comprehensive retention schedule should contact the Archives of the Episcopal Church. This chapter and the following retention schedule were based on material provided by the Archivist of the Episcopal Church.

BUSINESS RECORDS RETENTION SCHEDULE FOR CONGREGATIONS

Record title	Retention (max yrs)	Disposition recommendation
Accounts Payable Files	7	Destroy after 7 yrs. or CY+4 yrs. after Audit
Act of Incorporation	P	Permanent.
Agreements, Contractual		See: Contracts.
Annual Financial Reports		See: Financial Statements, Annual.
Applications for Employment, Unsuccessful	1	Destroy after CY+1 year.
Appraisals, Property	AU	Retain until superseded.
Assessment and Quota Apportionment Data	5	Destroy after 5 years.
Audit Working Papers and Back-up	4	Destroy after CY+4 yrs. with Audit.
Audit Reports	P	Permanent
Balance Sheets, Annual	P	Permanent
Balance Sheets, Monthly/Quarterly	2	Destroy after 2 years.
Bank Deposit Books	7	Destroy after 7 yrs. or CY+4 yrs. after Audit.
Bank Deposit Slips	3	Destroy after 3 years.
Bank Statements	7	Destroy after 7 yrs. or CY+4 yrs. after Audit.
Bank Reconciliations	2	Destroy after 2 years.
Bequest and Estate Papers	P	Permanent.
Bonds, Cancelled	3	Destroy after CY+3 years from date of cancellation.
Budgets, Approved and Revised	P	Permanent.
Budgets, Proposed and Worksheets	AU	Destroy after administrative use ceases.
Bylaws	P	Permanent. Transfer previous versions to Archives after amendment.
Cancelled Checks	7	Destroy after 7 yrs. or CY+4 yrs. after Audit.
Cash Journals, General Receipts and Disbursements	7	Destroy after 7 years; Retain permanently if used as primary book of entry.
Cash Journal, Receipts on Offerings and Pledges	7	Destroy after 7 years. See also: Pledge Registers/Ledgers.
Cashbooks, Discretionary Accounts	7	Destroy after 7 yrs. or CY+4 yrs. after Audit.
Cashbooks, Special Fundraising Subscriptions	P	Permanent.
Certificates of Deposit, cancelled	3	Destroy 3 years after redemption.
Certificates of Title to Property	P	Permanent.
Certificates of Incorporation	P	Permanent.
Chart of Accounts	AU	Retain until superseded.
Check Register	7	Destroy after 7 years
Check Stubs	7	Destroy after 7 yrs. or CY+4 yrs. after Audit.
Checks, Cancelled		See Cancelled Checks

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Record title	Retention (max yrs)	Disposition recommendation
Computer Accounting Records	7	Destroy after 7 yrs. or CY+4 yrs. after Audit; Refer to retention periods for specific types of accounting records. Check hard copy for permanent records; make archival copy of permanent files where necessary; make back-up copies of all active disk files and store in separate location; retain programming documentation for life of system.
Constitution and Bylaws with Revisions	P	Permanent.
Contracts, Active	P	Retain indefinitely.
Contracts, Inactive	SR	Selective Retention: Construction, New: P Betterments/Improvements: P Repairs/Maintenance: CY+6 Employment: CY+6 Service: CY+6 Lease Agreements: CY+6 Loans/Notes: CY+6
Conveyances	P	Permanent. See also: Deeds
Copyright Registration	P	Permanent; Retain for life of copyright protection.
Correspondence Files, Subject and Name	SR	Selective Retention: retain substantive correspondence permanently; destroy routine courtesy correspondence after 5 years.
Correspondence Files, Chronological	2	Destroy after 2 years if alphabetical subject file exits.
Correspondence, Transactional: including payments, receipts, transmittals, credits, etc.	5	Destroy after 5 years.
Correspondence, Legal: including tax, real estate and probate issues	P	Permanent. See also: Litigation Papers
Deeds: including conveyances, covenants, and easements	P	Permanent.
Employment Taxes, Contributions and Payments: including taxes withheld and Social Security	7	Destroy after 7 years; a confidential record.
Earnings and Benefits Records	6	Retain for period of employment; destroy CY+6 yrs after termination of employment.
Employee Contracts	6	Retain for period of contract; destroy CY+6 yrs. after termination of contract.
Employee Files/Records		See: Personnel Files/Records
Employee Salary Schedules	6	Destroy 6 years after termination of employment; confidential record.
Employee Withholding Statement, Form W-2 and State Withholding	7	Destroy after 7 years; confidential record. See also: Tax Forms, Individual Employees
Employee Withholding Certificate: Form W-4	AU	Retain for period of employment; destroy 6 years thereafter.
Estates and Bequests		See: Bequest and Estate Papers
Every Member Canvass Records	P	Permanent: retain canvass lists and fair copy of program literature; discard working papers and memoranda
Financial Statements, Annual	P	Permanent.

Record title	Retention (max yrs)	Disposition recommendation
Financial Statements, Monthly	2	Destroy after 2 years.
Form I-9: Immigration and Naturalization Service Certification	AU	Retain for period of employment; destroy 6 years after termination of employment.
Grant-in-Aid Proposals: Successful Applications	SR	Selective Retention. Retain proposal, final report and substantive correspondence.
Grant-in-Aid Proposals: Applications Denied	1	Destroy after CY+1 year.
Immigration and Naturalization Certifications: Form I-9	AU	Retain for period of employment; destroy 6 years after termination of employment.
Incorporation Papers	P	Permanent.
Injury Reports	6	Destroy CY+ 6 yrs. settlement of all claims.
Insurance Policies	6	Retain for life of policy; destroy 6 yrs. after cancellation or termination.
Insurance Plans	AU	Retain for life of policy.
Insurance Records, Employees: including notification of claim payments	1	Destroy after CY+1 year; a confidential record.
Inventories of Property and Equipment	AU	Retain until superseded by new version. Refer old copies and photographs to Archives for review.
Invoices and Paid Bills, Major Building Construction and Structural Alteration	P	Permanent. Transfer to Archives for selective retention.
Invoices and Paid Bills, General Accounts	7	Destroy after 7 yrs. or CY+4 yrs. after Audit.
Journals, General and Special Funds	P	Permanent.
Journal Entry Sheets	7	Destroy after 7 yrs. or CY+4 yrs. after Audit.
Journals, Payroll	7	Destroy after 7 years.
Leases	6	Retain for life of contract; destroy 6 years after expiration.
Ledgers, General and Special Parish Funds	P	Permanent.
Ledgers, Subsidiary	SR	Selective Retention.
Legacies	P	Permanent.
Lists and Schedules of Subscribers/Donors	P	Permanent.
Litigation Papers: including claims, decrees, court briefs, substantive correspondence, judgements rendered, memoranda of counsel's opinion	P	Permanent. Remove and discard non-substantive documentation 3 years after settlement: notes, abstracts, routine duplicate copies and drafts. See: Correspondence, Legal
Loan schedules	AU	Retain until discharged or until administrative use ceases.
Manuals, Operating and Procedural	AU	Retain until superseded; Transfer old version to Archives for appraisal.
Memorial Gifts Register	P	Permanent.
Minutes	P	Permanent
Monthly Reports, Financial	1	Destroy after 1 year.
Mortgage Deeds	P	Permanent. Transfer to Archives after discharge.

Record title	Retention (max yrs)	Disposition recommendation
Office Files, Subject, Administrative, Name or Project	SR	Selective Retention. Review annually. Retain for archives those records that document parish administration and lay or clerical ministry and activities. Destroy resource materials, duplicate files, redundant chronological reference files, vendor reference files. See also: specific record titles herein for retention periods of non-permanent records.
Paid Bills	7	Destroy after 7 yrs. or CY+4 after Audit.
Parochial Reports, National/Diocesan Returns	5	Destroy after 5 years.
Payroll Journals	7	Destroy after 7 years.
Payroll Registers, Summary Schedule of Earnings and Deductions and Accrued Leave Time	7	Retain for 7 years.
Pension Records, Retired Employees, Contributions Schedules and Vesting Records	AU	Retain for minimum of 6 years after termination of benefit payment; destroy thereafter when administrative use ceases.
Pension Plans and Literature	AU	Retain in accessible file for life of plan or until superseded.
Personnel Files/Records, Non-current Employees: including applications, job descriptions, earnings records, Forms I-9, tax status forms, medical reports, attendance and leave time schedules, evaluations, and employment status history.	7	Destroy 7 years after termination of employment; confidential records. See also: Pension Records.
Petty Cash Receipts and Accounts	7	Destroy after 7 years or CY+4 after Audit.
Pledge Envelopes	1	Destroy after CY+1 year.
Pledge Cards and Journals	7	Destroy 7 years after date of last entry or Retain permanently if summary records have not been kept.
Pledge Registers/Ledgers	P	Permanent.
Policy Statements	P	Permanent. Retire old statements to Archives after revision.
Profiles, Parish	P	Permanent.
Property Files: including copies of deed, title papers, repair history, permits, lease arrangement and correspondence.	SR	Retain unique files permanently; destroy duplicate files after administrative use ceases.
Property Inventories and Schedules	AU	Retain until superseded; refer old versions to Archives for review.
Property Surveys/Plans		See: Real Estate Surveys/Plot Plans below
Purchase Orders	7	Destroy after 7 yrs. or CY+4 yrs. after Audit.
Real Estate Surveys/Plots Plans	P	Permanent.
Receipts, General Accounts	7	Destroy after 7 yrs. or CY+4 yrs. after Audit.
Records Schedules and Destruction Logs	P	Permanent.
Resource Files: including catalogs/sales brochures, non-parish publications, professional literature, clippings/articles, vendor files, etc.	AU	Retain until superseded or until administrative use ceases; review annually.

Record title	Retention (max yrs)	Disposition recommendation
Sales Slips	7	Destroy after 7 yrs. or CY+4 yrs. after Audit.
Shipping and Freight Records	3	Destroy after 3 years.
Specifications for Building and Design	P	Permanent.
Specifications for Service and Sales Contracts, Property Upkeep and Minor Repairs	7	Destroy 7 years after completion of transaction.
Statistical Summaries	SR	Retain until administrative use ceases; review for archival value.
Subject Files	SR	Selective Retention: review annually and retain permanent record series.
Subsidiary Ledgers	SR	Selective Retention: retain permanent record series.
Tax Forms, Individual Employees: W-2, 1099	7	Destroy after 7 years; confidential record.
Tax Returns/Filings	7	Destroy 7 years after filing provided no action is pending.
Tax-exempt Certificates and Form 990	P	Permanent.
Time Sheets	3	Destroy after 3 years.
Title Search Papers and Certificates	P	Permanent.
Trial Balances, Closing	7	Destroy after 7 yrs. or CY+4 yrs. after Audit.
Trust Fund Files	SR	Selective Retention: Retain copies of conditions, restrictions, legal opinions, and summary distribution history permanently; retain distribution notices and courtesy correspondence for 7 years.
Trust Fund Registers	P	Permanent.
Vouchers	7	Destroy after 7 yrs. or CY+4 yrs. after Audit.
Warranties	AU	Retain until expiration of warranty.
Wills, Testaments and Codicils	P	Permanent.
Workman's Compensation Claims and Filings	7	Destroy 7 years after filing or settlement of claims whichever occurs later.