



How to create a simpler Records Retention Schedule

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Introduction

Records Retention is about risk management. It is the records manager's duty to ensure that he/she protects his/her employer from risk. The basic principle should always be "Keep records for the shortest time allowed and then dispose of them." This ensures that the company/agency will be able to meet its compliance requirements but not be compromised by the Discovery or E-Discovery process by retaining records for longer than is absolutely necessary.

If you can prove that you have a formal retention schedule in place and have consistently followed it then the risk of legal action, penalties and 'senior executive embarrassment' is minimized.

Retention scheduling is the act of pre-determining the life of a record in each stage of its lifecycle. This is part of the Continuum Model of records management; managing all records from creation to disposal.

When creating a Retention Schedule, it is important that you are fully cognizant not only of your organization's business requirements but also of any industry, federal, state and local government mandatory legal requirements. A Retention Schedule contains one or more Retention Codes.

In most cases, a record is either active (in use, current and referenced), inactive (some organizations store inactive records on site for a specified time), archived (retained, usually offsite) or destroyed. The end-of-life can only be archived or destroyed.

As we will see, the life we assign to a record depends upon its value to your organization and your legal responsibilities.

In all cases, your prime objective as the records manager should be to make your Retention Schedule as short, as easy-to-understand and as easy-to-use as possible. As a 'rule-of-thumb' if you have more than 100 Retention Codes in your Retention Schedule, you have too many.

What do we need do to before developing a Retention Schedule?

1. Determine the major organizational functions; research your organization charts and corporate goals and objectives. The website is usually a good place to start. What does your organization do and how are the various functional units organized? (e.g., Sales, Marketing, Manufacturing, Purchasing, etc.)? You need to understand and document the major functional areas of the business BEFORE you can create a Retention Schedule.
2. Develop a Records Inventory for each functional area and each Records Series.
3. Research your industry for all necessary compliance requirements. Talk to your corporate attorneys, risk and compliance managers (if you have them). Google compliance requirements for your industry. Ask the manager responsible for each Records Series.

4. Prepare a list of all the mandated retention periods you discover (i.e., what legislation does your organization have to comply with, e.g., Retain financials and tax records for 7 years). Link these to the appropriate Records Series.
5. Analyze your records as to their 'value' to your organization. For example, none, moderate, important, very important, vital, historical value, research value, etc.

Ask of each Records Series, what is:

- a. its operational value – supporting business activities and processes
- b. its legal value – compliance and contractual support
- c. its fiscal value – evidence of financial transactions
- d. its research value – Is it important research we need to preserve?
- e. its historical value – does it have enough long-term value to be preserved?

If you don't understand the value of a record to your organization you can't develop its Retention Code.

Importantly, when building your Records Inventory ¹ask each person responsible for the Records Series how important these records are and how long they would like to see them retained.

¹Also make them aware that there is a cost to retaining records and that this cost must be justified. In a major western city, floor space probably costs \$800 per m² or more. Store too much paper on site and you will be paying for more office space than you should be. There is a significant dollar opportunity cost associated with storing records in the office.

Here is an example of a simple tool to help you evaluate the value of records:

Test	High	Medium	Low	Not
How likely is it that we will need access to these records again?				
How likely is it that there would there be serious consequences if we could not access these records in the future?				
How high would the cost be to retain these records?				
How likely is it that we will need these records again for research purposes?				
How likely is it that these records will have historical value?				

The Records Inventory

In order to effectively manage your records, you first need an accurate record of what you have; your current records holdings. We call this a Records Inventory.

Please remember that a record is any evidence of any business activity and that it can be in any form, e.g., paper, electronic document or email. Records may be on shared drives, in file folders on shelves, in cabinets or stored in boxes in your basement or at an offsite records centre in boxes or in your email server.

The Records Inventory becomes a detailed listing of all of the records an organization has and can be used as the foundation of your Records Classification and Retention Schedules.

The general format of a Records Inventory will be as follows (you will need to amend this to suit your organization's requirements and holdings):

Sample Records Inventory

Contents		Details & Examples
Date Inventory Prepared		<i>July 7, 2017</i>
Person Responsible for Inventory		<i>Name, title & contact details</i>
Person Responsible for Records Series		<i>Name, title & contact details</i>
Records Series #number/identifier		<i>AP2003</i>
Location(s)		<i>5th Floor, Room 5, 32 main Street</i>
Title		<i>Accounts Payable Series</i>
Description/Class		<i>A collection of accounts payable records including invoices, purchase orders, delivery slips, payment advices, etc.</i>
Records from and to dates		<i>July 1, 2003 to June 30 2004</i>
Size/Volume		<i>2,200 file folders approximately 100 pages per file folder</i>
Medium		<i>Paper</i>
How Filed		<i>In compactus, cardboard file folders</i>
Estimated growth percentage per annum		<i>5 percent</i>
Status %	Active/current	<i>25</i>
	Semi-active	<i>25</i>
	Inactive	<i>50</i>
	Archived	<i>0</i>
	Other (explain)	<i>List any Vital Records</i>
Final disposition		<i>Destruction, Secure Destruction, Archive</i>
Security	General	
	Restricted	<i>To Company accountant & CFO & staff</i>
	Secure	
	Other (explain)	<i>List any under a legal hold</i>
How long should it be active?		<i>One year</i>
How long should it be semi-active?		<i>One year</i>
How long should it be inactive?		<i>Two years</i>

Disposition. Should they be archived or destroyed at end of life?	<i>Secure Destruction</i>
Custody. Who holds these records? - Active	<i>AP</i>
Semi-Active	<i>AP</i>
Inactive	<i>Iron Mountain</i>
Archived	<i>Iron Mountain</i>
Destroyed	<i>Iron Mountain</i>
Existing Retention/Disposal Schedules	<i>Please list any that apply and provide details</i>
Existing Business Classification Systems	<i>Please list any that apply and provide details</i>
Existing Citations	<i>Any Acts of Parliament/Government that apply</i>

Repeat the above schedule for every Records Series found.

The Record Lifecycle

When you manage a record from creation to its final disposition with a Retention Schedule, you are managing its lifecycle.

There are usually only four stages in a record lifecycle, for example:

1. Active
2. Semi-active
3. Inactive
4. ²Archived or Destroyed

Your organization may have more or less and each Records Series may have more or less.

²There are usually only 2 Dispositions (i.e., end of life actions):

- Destruction
- Archive (long term storage)

Triggers

In your Retention Schedule you need to determine the action or 'trigger' that transitions a record from one stage to the next. Examples of normal triggers are:

- One-year from creation date
- Two-years from last document added
- Five-years from being declared inactive

In the above example, a record would move from active to semi-active to inactive and then either be destroyed or moved to long term storage. Each 'move' would be initiated by a specified trigger.

³ If you are intent on creating a simpler/smaller Retention Schedule it is important to keep the number of unique triggers as low as possible.

Create your Retention Codes for each Records Series

Simple Example: Accounts Payable (AP) (Invoices, Goods Receipts, Purchase Orders)

Stage	Location	Trigger to move to next Stage	Next Stage
Active	AP File Shelving	One-year from Created date	Semi-Active
Semi-Active	AP Compactus	One-year from Semi-Active date	Inactive
Inactive	Iron Mountain	Seven-Years from Inactive date	Destroyed
Destroyed	Iron Mountain		
Archived			

⁴Note that a single Records Series may require multiple Retention Codes. It is important to try to keep this number as low as possible by rationalizing and combining 'similar' codes. If combining two or more codes into one, always use the one that generates the longest record life.

⁵Please make sure that the trigger is definite, easily understood and easily actioned as in the above examples. Please don't use conditional triggers that require evaluation and interpretation by an 'expert'. Make it an easily executed and non-ambiguous rule; keep it black and white. Use common sense, it must be something that is easily automated. If it requires human intervention and a decision, it is unsuitable.

⁶PLEASE use Excel to develop your Retention Schedule not Word. Retention Codes developed in a common format in Excel are far easier to sort, rationalize, modify and import into an EDRMS than those developed in Word.

Analyzing & Simplifying your Retention Codes

The objective here is to use common sense to rationalize all of the Retention Codes you have developed in your work to date.

For example, if you have multiple Retention Codes with the same disposition but that vary in lifecycle only minimally (e.g., 4.5 years, 5 years, 5.5 years), rationalize them to a single Retention Code (the one with the longest lifecycle, e.g., 5.5 years).

If you have followed our advice and used Excel to develop your Retention Schedule you will find it very easy to sort and group your Retention Codes into orders such as total lifecycle, Disposition, etc.

Once sorted, step one is to remove any duplicates and step two is to combine 'similar' Retention Codes as described above.

⁷When combining or rationalizing periods ALWAYS take the longest period as your new default. That way, you will meet all compliance requirements.

⁸Sanity check; do you have more than 100 retention codes? If so, return to step one and step two until such time as you have 100 or fewer unique Retention Codes. Common sense is your best friend in this operation.