

Document retention and destruction policy

This policy provides for the systematic review, retention and destruction of documents received or created by the Policy Studies Organization (PSO) in connection with the transaction of its business. This policy covers all records and documents, regardless of physical form (including electronic documents), contains guidelines for how long certain documents should be kept and how records should be destroyed. The policy is designed to ensure compliance with federal and state laws and regulations, to eliminate accidental or innocent destruction of records and to facilitate the operations of the PSO.

Section 1.

General Guidelines. Records should not be kept if they are no longer needed for the operation of the business or required by law.

From time to time, the PSO may establish retention or destruction policies or schedules for specific categories of records in order to ensure legal compliance, and also to accomplish other objectives, such as preserving intellectual property and cost management. Several categories of documents that warrant special consideration are identified below. While minimum retention periods are established, the retention of the documents identified below and of documents not included in the identified categories should be determined primarily by the application of the general guidelines affecting document retention, as well as the exception for litigation relevant documents and any other pertinent factors.

Section 2.

Exception for Litigation Relevant Documents. The Organization expects all officers, directors, and employees to comply fully with any published records retention or destruction policies and schedules, provided that all officers, directors, and employees should note the following general exception to any stated destruction schedule: If you believe, or the organization informs you that records are relevant to litigation, or potential litigation (i.e., a dispute that could result in litigation), then you must preserve those records until it is determined that the records are no longer needed. That exception supersedes any previously or subsequently established destruction schedule for those records.

Section 3. Minimum Retention Periods for Specific Categories.

(a) **Organizational Documents.** Organizational records include the Organizations articles of incorporation, by-laws and IRS Form 1023, Application for Exemption.

Organizational records should be retained permanently. IRS regulations require that the Form 1023 be available for public inspection upon request.

(b) **Tax Records.** Tax records include, but may not be limited to, documents concerning payroll, expenses, proof of contributions made by donors, accounting procedures, and other documents concerning the revenues of the PSO. Tax records should be retained for at least seven years from the date of filing the applicable return.

(c) **Employment Records/Personnel Records.** State and federal statutes require the PSO to keep certain recruitment, employment and personnel information. The PSO should also keep personnel files that reflect performance reviews and any complaints brought against the PSO or individual employees under applicable state and federal statutes. The PSO should also keep in the employee's personnel file all final memoranda and correspondence reflecting performance reviews and actions taken by or against personnel. Employment applications should be retained for three years. Retirement and pension records should be kept permanently. Other employment and personnel records should be retained for seven years.

(d) **Board and Board Committee Materials.** Meeting minutes should be retained in perpetuity in the Organizations minute book. A clean copy of all other Board and Board Committee materials should be kept for no less than three years by the PSO.

(e) **Press Releases/Public Filings.** The PSO should retain permanent copies of all press releases and publicly filed documents under the theory that the PSO should have its own copy, in order to test the accuracy of any document a member of the public can theoretically produce against the PSO.

(f) **Legal Files.** Legal counsel should be consulted to determine the retention period of particular documents, but legal documents should generally be maintained for a period of ten years.

(g) **Marketing and Sales Documents.** The PSO should keep final copies of marketing and sales documents for the same period of time it keeps other corporate files, generally three years.

An exception to the three-year policy may be sales invoices, contracts, leases, licenses, and other legal documentation. These documents should be kept for at least three years beyond the life of the agreement.

(h) **Development/Intellectual Property and Trade Secrets.** Development documents are often subject to intellectual

property protection in their final form (e.g., patents and copyrights). The documents detailing the development process are often also of value to the PSO and are protected as a trade secret where the PSO:

- (i) derives independent economic value from the secrecy of the information; and
- (ii) has taken affirmative steps to keep the information confidential.

The PSO should keep all documents designated as containing trade secret information for at least the life of the trade secret.

(i)
Contracts. Final, execution copies of all contracts entered into by the PSO should be retained. The PSO should retain copies of the final contracts for at least three years beyond the life of the agreement, and longer in the case of publicly filed contracts.

(j)
Correspondence. Unless correspondence falls under another category listed elsewhere in this policy, correspondence should generally be saved for two years.

(k)
Banking and Accounting. Accounts payable ledgers and schedules should be kept for seven years. Bank reconciliations, bank statements, deposit slips and checks (unless for important payments and purchases) should be kept for three years. Any inventories of products, materials, and supplies and any invoices should be kept for seven years.

(l)
Insurance. Expired insurance policies, insurance records, accident reports, claims, etc. should be kept permanently.

(m)
Audit Records. External audit reports should be kept permanently. Internal audit reports should be kept for three years.

Section 4.
Electronic Mail. E-mail that needs to be saved should be either:

- (i) printed in hard copy and kept in the appropriate file; or
- (ii) downloaded to a computer file and kept electronically or on disk as a separate file.

The retention period depends upon the subject matter of the e-mail, as covered elsewhere in this policy.