

Document Retention Policy

Developed for:

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Document Retention Policy

James R. McDermott CPA, PLLC, hereby denotes its policies regarding information and document retention. These policies apply uniformly to documents retained in either paper or electronic format.

*Note that **James R. McDermott CPA, PLLC**, complies with the Gramm-Leach Bliley Act's safeguards rule and maintains a written information security plan.*

Documents to be maintained

We will retain firm business records to comply with Internal Revenue Service requirements. In relation to the professional services we provide, our policy is to retain documentation necessary to support our work (including opinions, resolution of differences, conclusions and research utilized in analysis), our correspondence with clients, and our work product and items of continuing significance. Drafts or other documents not utilized in our client work will not be retained.

Documents transmitted as attachments via email should be considered separately from the email messages to which they are attached.

Original client records will be returned to clients and will not be a part of our ongoing files.

Procedures for client document storage

The firm retains much information in-house in both hardcopy and electronic form. Any hardcopy information over three years old is sent to an off-site storage facility. Retrieval from this facility will take approximately one workday. Guidelines will be followed to ensure that files are properly stored for easy retrieval and that client information is safeguarded. All client service information must be stored in the firm's central system. Documents attached to and transmitted by email will be stored in a machine-readable format in the firm's electronic document management system in the appropriate client folders. Any email message that contains information pertinent to the completion of a tax return or financial statement, such as a client's responses to a list of questions will be copied in PDF or other machine-readable format and included in the source documents folder. Email messages not saved for filing in the correspondence file or other appropriate folder will be deleted.

Retention periods for client records:

Client records

- Audits, reviews and compilations (financial statements and workpapers) – 7 years
- Litigation support projects (including workpapers) – 3 years
- Reports filed with government agencies (including workpapers) – 7 years
- Special projects (reports and workpapers) – 7 years
- Tax returns and workpapers – 7 years
- Regulatory examination files – 7 years after the close of the exam
- Permanent files for current clients* – Permanent
- Permanent files for former clients* – 7 years

Our firm considers a current client to be an individual or entity other than a former client. A **former client is an individual or entity for which the firm no longer perform services. This includes clients who have terminated their relationship with the firm, clients whose relationship is terminated by the firm, or clients who have not returned for over one year*

All clients will be notified that the firm's policy is to destroy files after the applicable period. The files we have created are the property of James R. McDermott CPA, PLLC, however clients may request copies of our files subject to firm approval. Clients will be billed time and copy charges, which will be payable upon receipt

Retention periods commence immediately following the date of the financial statements or the taxable year in the case of tax returns and workpapers.

Destruction and control

Destruction of documents is as important as their storage. Paper documents which are not to be retained in the firm's files will be shredded or incinerated. We will never throw confidential documents in the trash. Electronic documents are destroyed by deleting them from the medium on which they are stored and then purging the medium itself. A written list of files (both paper and electronic) to be destroyed will be reviewed by the managing partner for clients with potential issues that may require a longer retention period.

Any exceptions to the above retention policies must be approved by the engagement partner, in writing, on a document retention exception log and approved by the managing partner.

A list of files destroyed will be maintained permanently.

If we learn that a government agency is investigating a client or that private litigation is pending or threatened (even if the firm is not directly involved), we will retain all relevant records, even if they are slated for destruction under the firm's policy and even if no request has been made for them.
