

RECORD RETENTION AND DESTRUCTION POLICY

James R. McDermott CPA, PLLC
Revised October 2018

James R. McDermott CPA, PLLC, recognizes that the firm's engagement and administrative files are critical assets. As such, the firm has established this formal written policy for record retention and destruction. Compliance with this policy is mandatory for all employees.

Engagement Files

Engagement files are defined, for the purposes of this policy, as all records related to the engagement, including workpapers and other documents that form the basis of services rendered by the firm, such as, all documentation reflecting the procedures applied, evidence obtained, and conclusions reached in the engagement. In order to adequately address the needs of the firm and meet the current regulatory requirements established by the profession and the regulatory agencies, this policy will address separately the document retention requirements for engagement files by the categories indicated below. Unless otherwise notified by the Managing Partner, James R. McDermott, or mandated by state or federal law, James R. McDermott CPA, PLLC, will follow the recommended record retention periods specified in the attached **Exhibit A**.

Review/Compilation Services

James R. McDermott CPA, PLLC, will retain all *records* related to the review or compilation (including electronic records) for a period of **seven years** from the conclusion of the review or compilation. This applies to all current and former clients.

Records for purposes of this subsection include workpapers and other documents that form the basis of the financial statement engagement, and memoranda, correspondence, communications, and other documents and records.

Tax and Consulting Services

James R. McDermott CPA, PLLC, will retain sufficient *records* (whether hardcopy or electronic) to reflect services performed by and substantive information provided to the firm for **seven years** after it completes such services. *Records*, for the purposes of this sub-section, mean final workpapers and any other documents, including correspondence and copies of client records, that are necessary for a reasonable person to understand the services performed by and substantive information provided to James R. McDermott CPA, PLLC, for the engagement. Refer to the attached **Exhibit A** should you have any questions regarding the period of retention for a particular type of document.

Physical Security

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 be approximately one work day.

Confidentiality

All of the documents and records relating to clients are the property of James R. McDermott CPA, PLLC. All original documents are the property of the client and will be returned to the client at the completion of the engagement. **The firm's documents and records relating to its clients are confidential and may not be disclosed without express written permission from the client or unless required by law.** All employees of the firm must ensure that privacy will be maintained for client information.

Destruction of Records

Destruction of the documents is as important as their storage. The firm will conduct on an annual basis an inventory of all records, files and electronic data subject to destruction based on the recommended retention periods outlined in the attached Exhibit A. Paper documents which are not to be retained in the firm's files are shredded. Electronic documents are destroyed by deleting them from the medium on which they are stored, and then purging the medium itself. A list of files destroyed will be maintained permanently.

IMPORTANT NOTICE TO ALL EMPLOYEES

Under NO CIRCUMSTANCES will any records, files or electronic data be destroyed, regardless of the retention periods identified in this policy, if there is any pending regulatory investigation, disciplinary action, legal action, or if the firm has any knowledge of the intent by a regulatory agency to launch an inquiry or knowledge of a potential legal claim.

EXHIBIT A

Record Retention Periods

<u>Description of Records</u>	<u>Record Retention Period</u>
Review/Compilation working papers, Statements and Reports	7 years
Tax Return work papers	7 years
<u>Tax Returns:</u> Current Clients Former Clients	Permanent 7 years
Estate & Gift Tax	Permanent
Correspondence	7 years
All Other Services not specified	7 years