

Shearer Automotive Operating Policy

Record Retention and Destruction

RECORD RETENTION AND DESTRUCTION POLICY

1) Purpose

The purpose of this Policy is to ensure that necessary records and documents of are adequately protected and maintained and to ensure that records that are no longer needed by Shearer Automotive or are of no value are discarded at the proper time. This Policy is also for the purpose of aiding employees of Shearer Automotive in understanding their obligations in retaining electronic documents - including e-mail, Web files, text files, sound and movie files, PDF documents, and all Microsoft Office or other formatted files.

2) Policy

This Policy represents the Shearer Automotive policy regarding the retention and disposal of records and the retention and disposal of electronic documents.

3) Administration

Attached as Appendix A is a Record Retention Schedule that is approved as the initial maintenance, retention and disposal schedule for physical records of Shearer Automotive and the retention and disposal of electronic documents. The Chief Financial Officer (CFO) is the officer in charge of the administration of this Policy and the implementation of processes and procedures to ensure that the Record Retention Schedule is followed. The CFO is also authorized to: make modifications to the Record Retention Schedule from time to time to ensure that it is in compliance with local, state and federal laws and includes the appropriate document and record categories for Shearer Automotive; monitor local, state and federal laws affecting record retention; annually review the record retention and disposal program; and monitor compliance with this Policy.

4) Suspension of Record Disposal In Event of Litigation or Claims

In the event Shearer Automotive is served with any subpoena or request for documents or any employee becomes aware of a governmental investigation or audit concerning Shearer Automotive or the commencement of any litigation against or concerning Shearer Automotive, such employee shall inform the Administrator and any further disposal of documents shall be suspended until such time as the Administrator, with the advice of counsel, determines otherwise. The Administrator shall take such steps as is necessary to promptly inform all staff of any suspension in the further disposal of documents.

5) Applicability

This Policy applies to all physical records generated in the course of Shearer Automotive operation, including both original documents and reproductions. It also applies to the electronic documents described above.

This Policy was approved by the Board of Directors of Shearer Automotive on June 29, 2018.

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APPENDIX A - RECORD RETENTION SCHEDULE

The Record Retention Schedule is organized as follows:

SECTION TOPIC

- A. Accounting and Finance
- B. Contracts
- C. Corporate Records
- D. Correspondence and Internal Memoranda
- E. Electronic Documents
- F. Not applicable
- G. Insurance Records
- H. Legal Files and Papers
- I. Miscellaneous
- J. Payroll Documents
- K. Pension Documents
- L. Personnel Records
- M. Property Records
- N. Tax Records
- O. Contribution Records
- P. Programs & Services Records
- Q. Fiscal Sponsor Project Records

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A. ACCOUNTING AND FINANCE

Record Type	Retention Period
Accounts Payable ledgers and schedules	6 years
Accounts Receivable ledgers and schedules	6 years
Annual Audit Reports and Financial Statements	Permanent
Annual Audit Records, including work papers	6 years
Annual Plans and Budgets	2 years
Bank Statements and Canceled Checks	6 years
General Ledgers	6 years
Factory Monthly Financial Statements	6 years
Credit Card Records	6 years

B. CONTRACTS

Record Type	Retention Period
Contracts and Related Correspondence and all supportive documentation.	6 years after expiration

C. CORPORATE RECORDS

Record Type	Retention Period
Corporate Records (annual corporate minutes, Articles of incorporation, bylaws, etc.)	Permanent
Dealer Licenses and Permits	Permanent

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D. CORRESPONDENCE AND INTERNAL MEMORANDA

General Principle: Most correspondence and internal memoranda should be retained for the same period as the document they pertain to or support. For instance, a letter pertaining to a particular contract would be retained as long as the contract (6 years after expiration). It is recommended that records that support a particular project be kept with the project and take on the retention time of that particular project file.

Correspondence or memoranda that do not pertain to documents having a prescribed retention period should generally be discarded sooner. These may be divided into two general categories:

1. Those pertaining to routine matters and having no significant, lasting consequences should be discarded *within two years*. Some examples include:

- Routine letters and notes that require no acknowledgment or follow-up, such as notes of appreciation, congratulations, letters of transmittal, and plans for meetings.
- Form letters that require no follow-up.
- Letters of general inquiry and replies that complete a cycle of correspondence.
- Letters or complaints requesting specific action that have no further value after changes are made or action taken (such as name or address change).
- Other letters of inconsequential subject matter or that definitely close correspondence to which no further reference will be necessary.
- Chronological correspondence files.

Please note that copies of interoffice correspondence and documents where a copy will be in the originating department file should be read and destroyed, unless that information provides reference to or direction to other documents and must be kept for project traceability.

2. Those pertaining to non-routine matters or having significant lasting consequences should generally be retained permanently.

E. ELECTRONIC DOCUMENTS

1. **Electronic Mail:** Not all email needs to be retained, depending on the subject matter.

- All e-mail—from internal or external sources—is to be deleted after 12 months.
- Staff will strive to keep all but an insignificant minority of their e-mail related to business issues.
- Shearer Automotive will archive e-mail for six months after the staff has deleted it, after which time the e-mail will be permanently deleted.
- All Shearer Automotive business-related email should be downloaded to a service center or user directory on the email server.

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- Staff will not store or transfer Shearer Automotive-related e-mail on non-work-related computers except as necessary or appropriate for Shearer Automotive purposes.
- Staff will take care not to send confidential/proprietary Shearer Automotive information to outside sources.
- Staff with more than 25.0 GB in their e-mail account will be unable to send or receive messages until the size of their account is reduced. Staff will be notified by IT Department as their account size approaches 25.0 GB
- Any e-mail staff deems vital to the performance of their job should be copied to the staff's H: drive folder, and printed and stored in the employee's workspace.

2. Electronic Documents: including Microsoft Office Suite and PDF files. Retention also depends on the subject matter.

- **PDF documents** - The length of time that a PDF file should be retained should be based upon the content of the file and the category under the various sections of this policy. The maximum period that a PDF file should be retained is 6 years. PDF files the employee deems vital to the performance of his or her job should be printed and stored in the employee's workspace.
- **Text/formatted files** - Staff will conduct annual reviews of all text/formatted files (e.g., Microsoft Word documents) and will delete all those they consider unnecessary or outdated. After five years, all text files will be deleted from the network and the staff's desktop/laptop. Text/formatted files the staff deems vital to the performance of their job should be printed and stored in the staff's workspace.

3. Web Page Files: Internet Cookies

- All workstations: Internet Explorer should delete Internet cookies once per month.

Shearer Automotive does not automatically delete electronic files beyond the dates specified in this Policy. It is the responsibility of all staff to adhere to the guidelines specified in this policy.

Each day Shearer Automotive will run a backup on all Shearer Automotive mission critical PC's and the Document Server of all electronic files, as specified in the Shearer Automotive Disaster Recovery Plan. This backup is a safeguard to retrieve lost information within a one-year retrieval period should documents on the network experience problems. The backup copy is considered a safeguard for the record retention system of Shearer Automotive according to Shearer Automotive Disaster Recovery Policy. Should a PC experience backup errors the end user should contact I.T. Department immediately.

In certain cases a document will be maintained in both paper and electronic form. In such cases the official document will be the electronic document.

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G. INSURANCE RECORDS

Record Type	Retention Period
Annual Loss Summaries	6 years
Audits and Adjustments	6 years
Certificates Issued to Shearer Automotive	6 years
Claims Files	6 years
Medical Insurance Plans	6 years
Insurance Policies (including expired policies)	Permanent
Loss Runs	6 years
Releases and Settlements	6 years

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H. LEGAL FILES AND PAPERS

Record Type	Retention Period
Legal Letters, Memoranda and Opinions	6 years
Litigation Files	6 years
Court Orders	Permanent

I. MISCELLANEOUS

Record Type	Retention Period
Consultant's Reports	3 years
Material of Historical Value (including pictures, publications)	Permanent
Policy and Procedures Manuals	6 years
Annual Reports	Permanent

J. PAYROLL DOCUMENTS

Record Type	Retention Period
Employee Deduction Authorizations	Termination + 6 years
Payroll Deductions	Termination + 6 years
W-2 and W-4 Forms	Termination + 6 years
Garnishments, Assignments, Attachments	Termination + 6 years
Labor Distribution Cost Records	6 years
Payroll Registers (gross and net)	6 years
Time Cards/Sheets	6 years
Unclaimed Wage Records	6 years

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K. PENSION DOCUMENTS AND SUPPORTING EMPLOYEE DATA

General Principle: Pension documents and supporting employee data shall be kept in such a manner that Donors Forum can establish at all times whether or not any pension is payable to any person and if so the amount of such pension.

Record Type	Retention Period
Retirement and Pension Records	Permanent

L. PERSONNEL RECORDS

Record Type	Retention Period
Commissions/Bonuses/Incentives/Awards	6 years
EEO- 1 /EEO-2 - Employer Information Reports	6 years
Employee Earnings Records	Separation + 6 years
Employee Handbooks	1 copy kept permanently
Employee Personnel Records	Separation + 6 years
Employee Contracts - Individual	Separation + 6 years

M. PROPERTY RECORDS

Record Type	Retention Period
Correspondence, Property Deeds, Assessments, Licenses, Rights of Way	Permanent
Original Purchase/Sale/Lease Agreement	Permanent
Property Insurance Policies	Permanent

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N. TAX RECORDS

General Principle: Donors Forum must keep books of account or records as are sufficient to establish amount of gross income, deductions, credits, or other matters required to be shown in any such return.

These documents and records shall be kept for as long as the contents thereof may become material in the administration of federal, state, and local income, franchise, and property tax laws.

Record Type	Retention Period
Tax-Exemption Documents and Related Correspondence	Permanent
IRS Rulings	Permanent
Excise Tax Records	6 years
Payroll Tax Records	6 years
Tax Bills, Receipts, Statements	6 years
Tax Returns - Income, Franchise, Property	Permanent
Tax Workpaper Packages - Originals	6 years
Sales/Use Tax Records	6 years
Annual Information Returns - Federal and State	Permanent
IRS or other Government Audit Records	Permanent

o. CONTRIBUTION RECORDS

Record Type	Retention Period
Records of Contributions	6 years

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P. PROGRAM AND SERVICE RECORDS

Record Type	Retention Period
Attendance records	6 years
Program records	6 years

Q. FISCAL SPONSOR PROJECT RECORDS

Record Type	Retention Period
Sponsorship agreements	6 years