

# Document Retention Now Means Legal *and* Customer Compliance

Procedure Consistency, Security, Risk-Mitigation, User-Friendly, Quick Access Are All Critical

**C**ompliance. The word itself screams more work, headaches, ever-changing laws that you will never catch up with. Plus, with mistrust of corporate behavior at an all-time high, more regulations are coming, whether they are hasty or not. To make matters worse, compliance now means a lot more than legal rules. In this buyer's market for any sort of business service, if you cannot access your customers' data fast enough, and securely enough, they will go straight to your competitor. It appears that customer loyalty has been replaced with customer compliance.

So what do you do? If you are a smaller business, you may be spending more than your budget and manpower just to figure out what the legal requirements are, never mind actually complying with them or gaining a competitive edge with customers.

It doesn't have to be so hard. You just need a document retention system that is compliance capable and that can adapt to your business model, rather than the other way around. There is nothing more wasteful than integrating a document retention system that does not meet compliance needs and frustrates users because the process is cumbersome, unintuitive, and has nothing to do with your business procedures.

It is not just a matter of being nice to employees or making your technology investment actually have a return on investment (ROI). These days, if employees constantly try to go around the document retention system, it sets off red flags to compliance regulators. Regulators are being pressured to scrutinize corporate America, and nothing says potential corruption like inconsistencies in business procedures. These are dangerous red flag.



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## PRESSING COMPLIANCE ISSUES ACROSS ALL VERTICAL INDUSTRIES

Procedure consistency is just one of the pressing compliance issues across all vertical industries. Your document retention system must be able to handle these as well: security of information, easily available once retained, and risk mitigation. There is one more that is often overlooked: the ability to identify, and potentially get rid of, documents when retention requirements have been satisfied. Make a list of these pressing issues; there may be a lot of document management software programs out there, but not all of them are capable of everything you need.

Recessions do offer unique opportunities for smaller businesses to compete with larger ones. Businesses that can service customers with greater efficiency, and at a lower price point than a bigger competitor, are in a position to lure customers away.

So add one more item to your checklist, perhaps *the* critical item on your customer compliance list: availability as a standalone product, or a hosted service. Even though the latter is an acquired taste, it lowers the upfront cost dramatically for acquiring robust document management, thereby lowering the barrier-of-entry for smaller businesses.

## FOCUS ON CUSTOMIZED SECURITY, THE REST FALLS INTO PLACE

It is the domino effect: Customer demand for security and top-notch ability to mitigate risk has set the tone for regulators, which sets the tone for you. It varies by industry, but the overall tone is that regulators are looking for security of information, information shared only with authorized people, no unauthorized access. Once you prove that you go to great lengths to secure

information, then you work on making it readily available when someone authorized wants it — customer or regulator.

The financial services security requirements are a classic example. The Securities and Exchange Commission (SEC) is a key regulatory arm of the federal government in the financial industry. It sets and enforces rules and is charged with ensuring the integrity of the markets. SEC Rule 17a tells financial services firms that electronic records must be preserved exclusively in a nonrewritable, nonerasable format, but most financial planners do not have an information technology (IT) department in-house to sort through the confusing and contradictory array of 17a storage options.

Another example is the Health Insurance Portability and Accountability Act (HIPAA). HIPAA sets the basic requirements that health insurance plans and providers must meet, including keeping a person's medical information private. Additional laws that govern the Securities industry are included in Figure 1.

Regulations set by the government are intended to reduce risk and increase overall quality for all parties involved. Regulations also should be an integral part of employee training and the evaluation of the effectiveness of current practices. As regulations and legislations change, managers must work to evolve their practices as well. Establishing the organization's own best practices is an excellent way to comply with existing regulations and make changes and innovations that will improve overall productivity, safety, and operational efficiency.

Teaming up a document management system with a secure storage archiving system will help to ensure compliance readiness of retention. By pairing these two technologies, authorized personnel at a firm can retrieve financial records quickly, and the system will automatically ensure records are properly retained and are uneditable for the length of time required to meet compliance. The other side of retention is that

**Figure 1: Additional Laws that Govern the Securities Industry**

Securities Act of 1933	Securities Exchange Act of 1934
Trust Indenture Act of 1939	Investment Company Act of 1940
Investment Advisers Act of 1940	Sarbanes-Oxley Act of 2002

once the amount of time you are required to keep a document has elapsed, you most likely will want to locate and get rid of that document. Leading document management systems offer the ability to quickly identify all documents that are eligible for deletion so appropriate action can take place.

### **MORE THAN ONE TYPE OF RETENTION?**

Documents may be assigned a retention policy upon creation and in some cases later. By default, documents do not have retention applied unless a template with a retention policy is used to create the document.

There are different types of retention policies available in a document management system:

- **Modifiable** — This retention type allows resetting the retention policy. The policy can be set to any other retention policy including “none.” If set to “none” the document can be edited. It also allows changing the retention type in the management console from modifiable to another type.
- **Fixed** — This retention type sets the retention to the defined period of time for the policy. The document can only be deleted or archived once the retention period expires. Editing of the document is not allowed. The retention type can be changed to another type in the management console.
- **Indefinite** — This retention type sets the retention period to never ending. The retention type can only be changed to a policy with permanent type from this retention type. During the indefinite setting, the document cannot be edited or deleted from the system.
- **Permanent** — This retention type, once set, cannot be changed to any other type or policy. The document assigned this retention type cannot be edited. It cannot be deleted or archived until the retention period has expired.

### **MAINTAINING COMPLIANCE BY CREATING A DOCUMENT RETENTION POLICY**

Meeting compliance regulations historically has been perceived as an onerous burden. Most compliance regulations are the result of prior industry failings, now recognized as best practices. Meeting compliance must be a systemic process that touches all aspects of an organization.

Your document retention system should adapt to your way of doing business. For example, if a financial firm takes in a new client, the software program should have a document template that can take in a client document, name it consistently, auto set the retention policy, auto set the security access, and automatically put it into the workflow.

It is important to know what records need to be kept and for how long. Your business policy should outline what types of records are being filed in your organization and state what the minimum period of the retention should be as well as the date the document will no longer be retained and what action will be taken once this period is reached.

It is important to note that retention standards will vary by state. To be successful, make sure that your retention policy covers all records in your organization and, most importantly, be well exercised throughout the entire company. Additional training should be provided throughout the year to ensure that records are kept for as long as they are needed and securely disposed of after their retention date has passed.

Maintaining compliance is a crucial task in most organizations. When done correctly, the burden of maintaining compliance also can deliver substantial benefits to the organization such as applying best practices, improving efficiency, and lowering costs. Make sure any software you buy can do the same. There is no reason to settle for less.

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