

Veterinary Practice Record Retention Guidelines

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In the February 2010 “Legal Briefs” column of WVMA News, my partner Megan Senatori wrote about the number of years for which veterinary patient records should be kept. What about other business records? When can you destroy those old bank statements and personnel files? The following are our recommendations.

Permanent: Business organizational documents such as articles of incorporation and bylaws; minutes of meetings of partners, shareholders, or directors; stock certificates and other ownership records; annual corporate reports; all contracts while in effect; legal correspondence; real estate deeds and purchase documents, mortgages; leasehold improvement documents; vehicle titles, bills of sale; annual balance sheets; annual income statements; chart of accounts, retirement plan documents; Forms W-2; and tax returns. These kinds of documents should never be destroyed. The financial statements and tax returns may be useful in valuing the practice.

Seven Years After Employment Termination: Personnel records, including attendance and leave-of-absence records. If a former employee were to bring an employment-related claim against you, he or she would be required to do so within the six-year statute of limitations applicable in Wisconsin for contract-law claims. Hold the records for one extra year.

Seven Years After Last Patient Entry: Veterinary practice records of patients. As explained by Megan Senatori in her “Legal Briefs” column, Wisconsin requires such records to be kept for at least three years after the last entry, but better to keep them for seven years, one year longer than the statute of limitations.

Seven Years: Bank account statements; bank reconciliations; completed loan-payment schedules; accounting records of cash disbursements and receipts; check registers; accounts receivable ledger and invoices; accounts payable ledger; payroll records, expense reports; vendor invoices; insurance appraisals; fire inspection reports; expired insurance policies; expired lease agreements and other contracts.

Five Years: Prescription drug inventory records.

Four Years After Disposition of Asset: Fixed asset acquisition and depreciation records. These records may be useful if your business undergoes a tax audit. Generally, the statute of limitations for the IRS to initiate an audit is three years. Do not destroy asset records while you continue to own the asset, even if you have fully depreciated the asset.

Three Years: General (non-legal) correspondence; monthly balance sheets and income statements; receipts and cancelled checks; business credit-card receipts; bank statements; bank deposit slips; utility statements; employee time records; employment applications of individuals not hired.

Records that are kept in electronic form should be retained as long as their paper counterparts. Just because electronic records take less space is not a good reason to keep them longer.

One system that works well: store non-permanent written records in files or boxes, with a separate file or box for each year. Each file or box should have two labels: one for the year to which the documents relate and one for the date on which the file or box can be destroyed. Each year, on a designated clean-up date, you can destroy the documents whose destruction date has passed. Shredding the documents is better than throwing them out “as is.”