3.1.5 RETENTION OF FINANCIAL RECORDS

Last updated on:
Formerly Known As Policy Number:
34.4
This Guide Memo covers time requirements for retaining financial records and security requirements for disposing of old records.

Authority:
Approved by the Vice President for Business Affairs and Chief Financial Officer.

1. Purpose of Record Retention

Retaining records serves two purposes. In the short-term, it provides those responsible for the management of accounts with the means to monitor transactions and resolve problems. In the long-term, it enables the University to comply with Federal Acquisition Regulations, the Internal Revenue Service regulations, and other federal, state and local regulations governing auditability and retention of records.

2. Responsibility

a. Online Transactions
When the source documentation for a transaction is online, the central administrative office responsible for maintaining the online application is responsible for retaining the online transaction record.

b. Paper Documents
When the source documentation for a transaction is paper, the office that receives the original document is responsible for retaining it. The submitting department is responsible for retaining the support until the transaction has posted to the monthly expenditure report. Originating departments have the responsibility to destroy any paper backup once central administration has successfully processed the reimbursement request, has a copy of the scanned supporting documentation and the transaction has posted to the monthly expenditure report.

Exceptions:
1) For Federal contracts, a copy of the original paper copy must be retained for one year past the date it was scanned;
2) either a paper copy or scanned copy of the monthly grant and contract expenditure statements or quarterly certification statement signed by the principal investigator and task manager should be retained by the department in accordance with the "Direct Charges and Revenues to Contracts and Grants" retention policy.
3. Retention Times

a. Minimum Paper and Electronic Record Retention Times

Legal and Audit Requirements
When requirements for long-term retention of records overlap, the responsible office should retain records for
the maximum period needed to meet legal and audit requirements. In special cases retention times may be
extended by request of the central offices. In such a situation the affected will be notified in writing. General
rules:

- **Tax-Exempt Debt Related Records**: Life of the bond issue, plus the life of any issue that refunds the
  issue, plus six years. Records related to tax-exempt debt include but are not limited to documentation of
  the use of the debt proceeds (project costs), how debt financed property is used, relevant sponsored
  research contracts and grants in facilities financed with tax-exempt debt, relevant third party leases of
  space, etc. Detailed information can be found under the Compliance Guidelines for Tax-Exempt Bonds [1].

- **Direct Charges and Revenues to Contracts and Grants**: Four years following the end date of the
  award (longer if circumstances related to tax-exempt financing require it, see Tax-Exempt Debt Related
  Records above).

- **Transactions involving depreciable assets**:
  - Moveable equipment records (not financed with tax-exempt debt) will be centrally retained three years
    beyond the disposal of the asset.
  - Transaction records involving other depreciable assets will be retained six years beyond the asset
    becoming fully depreciated (longer if circumstances related to tax-exempt financing require it, see Tax-
    Exempt Debt Related Records above.)

- **Business Transaction Records** (not contract or grant-related): Four years.

- **Employee Payroll Information**: Six years from retirement or termination.

- **Taxable Income** (Cash receipt information and billings, and all documents for activities considered
  unrelated business income. See Guide Memo 1.5.3 [2]: Unrelated Business Activity). Four years following
  the end of the fiscal year. Longer retention times apply to certain documents retained by central offices.
  For information on a specific document or category of documents, the office responsible for the type of
  transaction should consult the Office of Sponsored Research (OSR), Research Financial Compliance and
  Services, or Financial Management Services (FMS) consisting of the Controller's Office, Office of the
  Treasurer, Procurement (including Accounts Payable, Travel & Reimbursements), Global Services, and
  Consulting & Support.

b. Management Information
When a central office has retention responsibility, the department initiating a transaction may discard copies
of documentation supporting the transaction when it is no longer needed for management purposes. For
example, when the transaction is complete and the expenditure statement containing the transaction has
been reviewed. At its discretion, a department may keep copies of documents for longer periods.
4. Disposal of Old Documents

To safeguard the privacy of individuals, documents that contain salary information must be shredded, incinerated, or otherwise disposed of securely. Departments may arrange for service from a business record destruction vendor.


Links