

## Policy 1105

### Retention of University Financial Records

<b>Responsible Office</b>	Finance	<b>Effective Date</b>	11/1/00
<b>Responsible Official</b>	Controller	<b>Last Revision</b>	11/1/00

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### Scope

This policy provides guidelines for retention of official University financial records, including payroll and related records. It applies to all University departments and offices, all University financial records and all University employees who create, receive or maintain such records in the course of University business.

This policy does not address the retention of student academic records, patient medical records, or any other area of operations outside the University's financial administration. Consult the appropriate University office for further information about those areas.

### Reason for the Policy

This policy seeks to:

- promote compliance with federal, state, and other legal requirements for record retention;
- promote the efficient management, sharing, and transfer of information among authorized University staff within prescribed security standards;
- effectively utilize limited office space for active records and utilize low-cost, remote storage space for inactive records;
- dispose of records no longer needed to satisfy legal, regulatory or other requirements;
- ensure that no record is disposed of unless authorized;
- ensure that the means of destruction is appropriate for the type of record under consideration;
- ensure the preservation of records of permanent value; and
- ensure that record retention policies, schedules and procedures are reviewed and modified as necessary to respond to changes in technology or regulations.

### Policy Statement

The University Controller is responsible for setting the standards for retention and management of University financial records, in collaboration with major business process owners. Such records must be retained for a period of time necessary to meet the operational, administrative and legal requirements of the University, and must then be destroyed according to established destruction schedules. The Department of Manuscripts and

Archives (referred to hereafter as MSSA), a unit of the University Library, manages the University Archives and Records Program and maintains official retention and disposition schedules. (See [Index of the Records Schedules](#) posted on the University Archives and Records Program web site.)

Records retention and disposition schedules apply to records of all formats, including paper records, computer files (e-mail, word-processed documents, spreadsheets, databases, and materials in imaging systems). The University encourages the use of storage methods that eliminate waste, reduce cost and promote efficiency.

Most financial and transactional records are non-archival. However, MSSA may determine that certain categories of financial records are of permanent value to the University, and will arrange for appropriate storage of such records beyond their active period.

Financial records must be retained for a minimum of seven (7) years from the fiscal year of creation, unless the retention schedule specifically states otherwise, as is the case with records related to grants and contracts (see Section 1105.7). It may be necessary to retain certain non-archival records for a period longer than seven (7) years if they are required to support an audit, litigation or other matter.

Those who give final approval to financial transactions must identify, safeguard and retain the official or "record" copies of documents supporting those transactions. Therefore, department administrators who have been delegated approval authority for certain kinds of transactions are responsible for the original records related to those transactions. Duplicate records must be eliminated to the extent possible.

University records must be maintained in a manner that supports operational needs and internal control directives, and must also meet federal, state and regulatory requirements. Document retention standards and systems must ensure that transactions and related authorizations are fully supported in the event of an audit, litigation, or other external action.

Departments must follow guidelines and standards issued by MSSA and the Office of the Controller in support of this policy.

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## **Definitions**

### **Active records**

Records needed to support the current business activity of a department, division, business support center, or institutional business office.

### **Business process**

A series of related activities designed to accomplish a specific objective (e.g., collecting and depositing university funds, payment of invoices, etc).

### **Distributed authority model**

An operational model pursuant to which authority for the approval of certain transactions and the retention of active, original paper records may be distributed to department business offices, business support centers, or other decentralized units by institutional business process owners.

### **Inactive records**

Records for which the active period has passed, and which are being held for the remainder of the specified retention period.

### **Permanent (archival) records**

Records that have long-term or permanent value to the University, such as endowment indentures, University Bylaws, deeds, continuing agreements with external parties, and other similar documents.

### **Records custodian**

An individual assigned by a records manager to formally retain paper documents pursuant to established standards and systems.

### **Records manager**

An individual appointed by the responsible official to oversee the administration of records management systems (both paper and electronic) for an established business process.

### **Records retention and disposition schedule**

An internal control document that indicates how records should be handled after the period of their active administrative use.

### **Responsible official**

A senior member of management who serves as the owner of institutional and divisional business processes, and, as such, is responsible for ensuring effective implementation of this policy in his/her assigned area of responsibility.

### **Retention period**

The minimum required length of time for which a department or central administrative office is responsible for the maintenance of records.

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## **Policy Sections**

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### **1105.1 Administrative Responsibility**

The Controller, in accordance with Policy [1101](#) Guiding Principles for Business and Financial Administration, is responsible for developing document retention policies and standards for financial records, and for monitoring compliance with this policy and overseeing the quality, consistency and effectiveness of the University's financial records management systems. The Controller shall perform such functions in consultation with members of the University's Financial Records Retention Committee, and may convene meetings of the committee as appropriate.

The committee membership will include a representative from each of the following offices: General Counsel, Tax, Grant and Contract Administration (University and Medical School), Human Resource Services, Information and Technology Services, Manuscripts and Archives, Procurement. In addition, the membership will include records managers assigned for each major business process, the manager of Traffic Receiving and Stores, records custodians from business support centers, and representative departmental administrators.

The Controller, in consultation with the Financial Records Retention Committee, shall:

1. review recommended records retention schedules;
2. establish appropriate filing standards for financial records;
3. monitor disposition methods and practices;

4. evaluate cost-effective short- and long-term storage options (including electronic media), and
5. perform other records management oversight functions as required.

For each of the University's major business processes, a **responsible official**, typically a senior member of management, serves as the institutional owner of the business process and monitors the effective implementation of this policy in the related areas of responsibility. Listed below are the responsible officials for major University business processes:

Responsible Official	Business Process
Associate Vice President for Administration	<ul style="list-style-type: none"> <li>• Payroll</li> </ul>
Associate Vice President for Finance	<ul style="list-style-type: none"> <li>• Gifts to the University</li> <li>• Sponsored Agreements</li> <li>• Treasury Services</li> <li>• Procurement</li> <li>• General Accounting (including Capital Project Accounting and Financial Reporting)</li> <li>• Budget and Planning</li> <li>• Financing</li> </ul>
Chief Operating Officer, School of Medicine	<ul style="list-style-type: none"> <li>• Medical Services: School of Medicine</li> </ul>
Chief Investment Officer, Investments Office, and Associate Vice President for Finance	<ul style="list-style-type: none"> <li>• Investments</li> </ul>
Director of University Health Service	<ul style="list-style-type: none"> <li>• Medical Services: University Health Service</li> </ul>
Associate Vice President for Student Financial and Administrative Services	<ul style="list-style-type: none"> <li>• Student Financial and Administrative Services</li> </ul>

**Records managers**, who are appointed by each responsible official, directly supervise the development of specific record retention schedules for their respective areas. Working with the Controller, the records manager also supervises the implementation and quality assurance of records management systems and procedures for paper and electronic records stored in department business offices, divisional and institutional business offices, and business support centers.

The records manager in turn appoints one or more **records custodians** who are responsible for retaining record copies of documents according to established standards and systems. Records custodians may reside in institutional business offices, business support centers or department business offices, depending upon the level of distributed authority granted for specific types of transactions.

**Note:** In the event that original or "record" copies of documents are maintained in department business offices, the department administrator or business manager must serve as the records custodian for those documents. The responsible individual must be able to locate paper documents required for quality assurance assessments, audits and other internal and external reviews at the request of the Controller, Tax Director, Director of University Auditing, institutional business process owner or other authorized individuals.

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### 1105.2 Ownership of Institutional Records

University financial records are the property of the University and do not belong to those who prepare such records or to their official custodian. No employee has any personal or property right to financial records of the University, including those records that the employee helped develop or compile, and no employee may remove or copy such records for personal use.

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## 1105.3 Retention Periods, Storage and Disposition

### Retention Periods

Financial record schedules are primarily calendar-driven; that is, the retention period begins on the last day of the fiscal year that the records were created.

The retention period for University tax documents generally begins on the filing date for that period. However, the retention period for tax returns, as well as for records which support tax filings, will not begin until either the due date of the filing or the actual date filed, whichever is later.

### Record Retention Categories

Records fall into one of the three record retention categories:

1. archival records (permanent);
2. non-permanent records requiring retention for legal or audit purposes; and
3. routine administrative records.

The University maintains functional retention and disposition schedules, grouping together records that represent the component activities of processes. Whenever a document or group of documents has a retention schedule that differs from the seven-year norm, it is noted on the schedule. (Refer to [Index of the Records Schedules](#) on the University Archives and Records Program web site.)

Active records are those needed to support the current business activity of a department, division, business support center, or institutional business office. Normally, the active period for financial records ends on the last day of the fiscal year following the fiscal year in which the records were created. For instance, a record created on November 20, 1999, ends its active period on June 30, 2001.

### Storage Standards and Locations

At the end of the active period, records must be labeled and stored for the balance of the retention period according to University guidelines and procedures.

The records custodian is responsible for appropriately labeling and arranging for suitable storage of inactive records. The University's dedicated records shelving facilities are the preferred locations for storage of record copies of non-archival financial records that require retention beyond their active lives. Arrangements for storage at these facilities must be made through the MSSA Archives and Records Program. It may be acceptable to store inactive financial records at other official campus facilities, with professional records management service vendors, or in the originating department, if suitable space is available that meets University standards.

Regardless of where inactive records are stored, the originating department is responsible for maintaining files or logs describing the contents of stored records, and for retrieving records upon official request. Consult record retention procedures for detailed guidelines.

### Disposition of Records

At the end of the appropriate retention period, inactive records, including transaction records, inactive agreements and other non-permanent records, shall be destroyed according to the applicable schedule. Departments must obtain authorization for such disposal from MSSA. The disposal process and methods should preserve the confidentiality of documents through the final point of disposition. Records containing personal and confidential information must be shredded or boxed and sent to the recycle center for disposal. MSSA assists departments in arranging for confidential destruction of records. Non-confidential paper records may be put into recyclable containers.

If litigation is pending, threatened or anticipated, records bearing on such litigation must not be destroyed except by permission of the University's General Counsel. Similarly, documents under audit must not be

destroyed. General Counsel and officials notified of audit requirements will regularly update the Records Retention Committee with information about pending litigation or audits that require special attention. The Controller is responsible for notifying records managers of any changes from the standard record retention period necessitated by audits or litigation.

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#### **1105.4 Accessibility of Records**

Financial records must be easily retrievable for examination by authorized departmental and central administrators, auditors and other authorized individuals. Records custodians must follow procedures for labeling and record-keeping to ensure that documents can be retrieved in a timely manner, and are responsible for retrieving records upon request. Use of the MSSA Archives and Records Program and its systems is the preferred method to ensure compliance with this requirement.

Access to electronic records shall be subject to the University's policy governing information access and security (Policy [1601](#)). Records managers, in consultation with ITS professionals, are responsible for ensuring that electronic records are not rendered unusable because of changing technology or deterioration. Records in formats endangered by technology changes must be migrated to other formats in order to maintain accessibility.

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#### **1105.5 Safeguarding Records**

The records custodian is responsible for ensuring that active and inactive financial records are stored in a secure location. The storage location must provide appropriate confidentiality and protection from unauthorized inspection, theft, and physical damage due to a fire, water or natural disaster. The records custodian must use sound judgment in restricting access to financial records, giving consideration to the degree of confidentiality warranted for such records. Storage through the MSSA Archives and Records Program is deemed to meet these requirements.

Most permanent (archival) records must be transferred to the MSSA Archives and Records Program following their active period for proper care and storage. Permanent records not sent to the MSSA Archives and Records Program must be maintained in a fireproof container, and access must be limited to authorized personnel.

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#### **1105.6 Use of Document Imaging**

Document imaging may be the most effective and efficient means for retaining certain types of records. However, any department that is contemplating replacing original financial documentation with images of those records must consult the Controller prior to implementing such a system. General Counsel should review proposals for such systems with the Controller and specify areas of concern. The Controller is responsible for issuing guidance to departments with regard to such implementations.

Departments proposing such systems must be prepared to demonstrate that the following requirements would be met:

1. Electronic records must exhibit a high degree of legibility and readability;
2. Paper copies or computerized books and records must be transferred to electronic storage media in an accurate and complete manner;
3. Procedures must be developed to index, store, preserve, retrieve, and reproduce all electronically stored books and records;
4. Controls must be developed to ensure the integrity, accuracy, and reliability of the electronic records;
5. Controls must be developed to prevent and detect the unauthorized creation, alteration, addition, deletion, or deterioration of electronically stored books and records; and,

6. An inspection and quality assurance program must be developed which must include regular evaluations of the system and periodic checks of stored books and records.

If imaging systems that meet the above requirements are implemented, original paper records only need to be retained through the active period as defined in Section 1105.3.

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#### **1105.7 Records Related to Grants and Contracts**

Records related to grants and contracts must be retained for a period of three (3) years from the date of the submission of the final financial report to the funding agency, unless the terms of the award specifically state otherwise, or if there is a pending audit or litigation matter.

Retention periods for such records vary widely depending upon the sponsoring agency and individual contract terms. For example, when the University accepts a federal grant or contract it enters into a binding agreement that requires it to apply federal disposition schedules to records pertaining to such awards. However, non-federal agencies may apply a different set of standards for record retention and in those cases it is best to refer to the agreement itself for retention requirements. In any case where the sponsoring agency's retention period is longer than that dictated by University policy, the longer period shall apply.

Departments and business support centers are strongly encouraged to consult the offices of Grant and Contract Administration (University and School of Medicine) to determine the appropriate retention period for records related to specific grants or contracts. Prior to destruction, department administrators must consult the Office of Grant and Contract Financial Administration to ensure that the records are not related to pending audits or litigation.

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#### **Special Situations/Exceptions**

Exceptions to this policy must be approved by the Controller.

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#### **Related Information**

Policy [1101](#) Guiding Principles for Business and Financial Administration

[University Archives and Records Program](#) website

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**Contacts**

<b>Subject</b>	<b>Contact</b>	<b>Phone</b>
Legal retention requirements or pending litigation	General Counsel	432-4949
Tax retention requirements	University Tax Office	432-5421
Retention periods and destruction approval for Grant and Contract records	Offices of Grant and Contract Administration	Central campus: 432-2460  Medical School: 785-4689
	Office of Grant and Contract Financial Administration	432-3060
Interpretation of policy, destruction of records	Office of the Controller	432-5524
Storage arrangements, disposal of records	Department of Manuscripts and Archives (MSSA)	432-1735

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**Roles and Responsibilities**
**Controller**

Establishes policies and standards for retention of financial records, ensures compliance with this policy, and oversees the quality, consistency, and effectiveness of the University's financial records management systems as described in Section 1105.1 of this policy, in consultation with the University's Financial Records Retention Committee.

**Financial Records Retention Committee**

Provides guidance to the Controller in ensuring compliance with this policy, and in overseeing the quality, consistency, and effectiveness of the University's financial records management systems.

**General Counsel**

Provides guidance to the Yale community regarding the legal requirements for the retention and destruction of records, particularly in those areas where litigation is pending, threatened or possible, and shall review proposals for electronic retention in place of originals.

**Department of Manuscripts and Archives (MSSA)**

Sets standards generally for University records retention and manages the University's records retention facility.

**Records Custodian**

Retains financial records according to University policies and procedures, and for ensuring that such records are retrievable upon authorized request, as outlined in Section 1105.1 of this policy.

**Records Manager**

Implements this policy as it relates to his or her area(s) of responsibility in accordance with the duties outlined in Section 1105.1 of this policy

**Responsible Official**

Monitors the effective implementation of this policy for the specific business process areas for which he/she is assigned ownership. The responsible official shall appoint one or more records managers to implement the record retention policy at the departmental level.

**Tax Department**

Reviews retention schedules and notifies the Controller of necessary changes based on regulations.

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