

**VOLUME 1, CHAPTER 9: “FINANCIAL RECORDS RETENTION”**

**SUMMARY OF MAJOR CHANGES**

All changes are denoted by [blue font](#).

Substantive revisions are denoted by an asterisk (\*) symbol preceding the section, paragraph, table, or figure that includes the revision.

Unless otherwise noted, chapters referenced are contained in this volume.

Hyperlinks are denoted by [bold, italic, blue, and underlined font](#).

The previous version dated [August 2011](#) is archived.

<b>PARAGRAPH</b>	<b>EXPLANATION OF CHANGE/REVISION</b>	<b>PURPOSE</b>
Multiple	Updated hyperlinks throughout the document.	Revision
090101	Revised general purpose to specify the accuracy of financial information and supporting audit functions.	Revision
090102	Added an Authoritative Guidance.	Addition
090201	Revised paragraph to include policy on the revised National Archives and Record Administration standards.	Addition
090201.A	Revised definition of records to agree with updated United States Code.	Revision
090202	Defined what information the documentation must contain.	Addition
090203	Deleted paragraph as scope is covered in 090201.	Deletion
090204	Deleted paragraph as scope is covered in 090201.	Deletion
Figure 9-1	Added “Minimum Retention Periods” Figure for assessable units for financial statement audit.	Addition

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## CHAPTER 9

**\*FINANCIAL RECORDS RETENTION**

## 0901 GENERAL

## \*090101. Purpose

This chapter provides guidance on the proper retention period for financial records. This policy applies only to the records necessary to support financial transactions and financial statement balances or necessary to document evidence of effective internal controls over financial reporting (e.g., reviews and approvals). This policy does not apply to related management records, such as maintenance logs, and other documents important for proper management of Department of Defense (DoD) operations but incidental to the support of financial transactions and balances, unless they are being used as secondary evidence to support financial transactions and balances.

## \*090102. Authoritative Guidance

A. Within the federal government, the National Archives and Records Administration (NARA) is responsible for promulgating procedures for the disposal of all United States (U.S.) Government records. The NARA Records Management Program provides guidance and assistance for the management and disposition of federal records.

1. NARA general policies for the management and disposal of records are located at Title 36 of the Code of Federal Regulations (CFR), Parts 1220-1238 (**36 CFR 1220-1238**).

2. NARA's disposal authorization guidance for administrative records is located in the **General Records Schedules (GRS)**.

B. **Federal Acquisition Regulations, Part 4.805** provides procedures and schedules for storage, handling, and disposal of contract files.

C. The DoD records management policy and responsibilities are outlined in DoD Directive (DoDD) 5015.02, entitled "**DoD Records Management Program.**"

1. Within DoD, there are 24 Records Management Programs, each with an appointed **Federal Agency Records Officer**, Records Management Manual, Instruction, or Regulation; and Records Disposition Schedules (RDS). NARA approves all records identified in DoD's RDS, which can contain additional financial records used in DoD business operations that are not listed in the NARA GRS.

2. The [DoDD 3201.06](#), entitled “Defense Grant and Agreement Regulatory System,” provides for the collection, retention, and dissemination of management and fiscal data related to grants activities. In addition, NARA GRS 1.2 provides disposal authorization guidance for grant and cooperative agreement records.

3. The [DoD Guidebook for Miscellaneous Payments](#) provides guidance on supporting financial documentation for miscellaneous transactions.

## 0902 RETENTION REQUIREMENTS

### \*090201. Record Retention Requirements

A. According to [Title 44 United States Code Section 3301](#), records include all recorded information, regardless of form or characteristics, made or received by a Federal agency under Federal law or in connection with the transaction of public business and preserved or appropriate for preservation by that agency or its legitimate successor as evidence of the organization, functions, policies, decisions, procedures, operations, or other activities of the U.S. Government or because of the informational value of data in them; and does not include library and museum material made or acquired and preserved solely for reference or exhibition purposes; or duplicate copies of records preserved only for convenience. Financial records are a subset of records necessary to support a financial transaction.

B. NARA GRS 1.1, “[Financial Management and Reporting Records](#),” provides disposition authority for records created and received in the course of carrying out an agency’s financial management and reporting responsibilities. Each record noted within GRS 1.1 includes disposition instructions describing the point at which an item can be destroyed. NARA GRS 1.1 includes a qualification, noting that longer retention is authorized if required for “business use.” Supporting a financial statement audit is an example of business use. DoD requires documentation to be retained for longer than the NARA requirement if the documentation will be used to support an audit.

C. Figure 9-1 lists the specific minimum retention periods by assessable unit. Note that Figure 9-1 is specific only to records needed in support of the DoD-wide financial statement audit. For any records supporting financial statement audits which are also held for purposes other than a financial statement audit and require a longer retention period, continue to follow appropriate document retention guidance.

D. Consult your DoD appointed Federal Records Officer for additional guidance regarding record retention.

### \*090202. Documentation Requirements

Documentation of financial transactions must be prepared, maintained, and, at a minimum, support the following aspects of a transaction:

1. Authority. Components must retain evidence that the transaction was approved and/or certified in accordance with established requirements.
2. Amount. Components must retain evidence of the dollar value of the transaction.
3. Date. Components must retain evidence of the date of the transaction, to ensure that the transaction is recorded in the proper accounting period.

\*FIGURE 9-1. MINIMUM RETENTION PERIODS

Assessable Unit(s)	Type of Documentation	Minimum retention period
Contract / Vendor Pay / Interfund / Intragovernmental	<p>Financial transaction records related to procuring goods and services, paying bills, collecting debts, and accounting</p> <p>Retain key supporting documents (KSDs) for the following financial statement line items (FSLIs):</p> <ul style="list-style-type: none"> <li>• Accounts Payable</li> <li>• Accounts Receivable</li> <li>• Uncollected payments, federal sources, brought forward</li> <li>• Unpaid obligations, brought forward</li> <li>• Unobligated balance, brought forward</li> <li>• Other liabilities</li> <li>• Revenue</li> <li>• Gross Cost</li> </ul>	<p>Ten years after the final invoice or Intra-Government Payment and Collection or other similar documentation.</p> <p>Note: This is an increase over the NARA six year minimum retention standards for these record types. To support the beginning balances in the Department's Fiscal Year 2018 financial audit, documentation from greater than six years prior will be required. Thus, documentation must be retained for 10 years, the life of our longest lived (non no-year) funding.</p>
Financial Reporting / Accounting	<p>Records supporting compilation of agency financial statements and related audit, and all records of all other reports.</p> <p>Retain KSDs for the following FSLIs:</p> <ul style="list-style-type: none"> <li>• Financial Reporting</li> <li>• Other Adjustments</li> </ul>	<p>Two years after completion of financial statement audit for which the records were initially prepared.</p> <p>Note: The remaining categories are consistent with the NARA minimums. As these documents will not be required to support more than the year under, and subsequent year audit(s), no more than a two-year retention period is necessary.</p>

Assessable Unit(s)	Type of Documentation	Minimum retention period
Property, Plant and Equipment / Inventory / Operating Materials and Supplies	<p>Records supporting the book value, ownership, and any modifications to assets.</p> <p>Retain KSDs for the following FSLIs and/or Notes to the Financial Statements:</p> <ul style="list-style-type: none"> <li>• General Equipment</li> <li>• Real Property</li> <li>• Internal Use Software</li> <li>• Inventory and Related Property</li> <li>• Other Assets</li> </ul>	Two years after asset is disposed of and/or removed from agency's financial statements.
Civilian Pay / Military Pay	<p>Records documenting payroll and benefit disbursements and liabilities.</p> <p>Retain KSDs for the following FSLIs and/or Notes to the Financial Statements:</p> <ul style="list-style-type: none"> <li>• Other Liabilities</li> <li>• Gross Costs</li> <li>• Military Retirement and Other Federal Employment Benefits</li> </ul>	Two years after pay period.
Fund Balance with Treasury (FBWT)	<p>Documentation supporting the reporting and reconciliation of FBWT.</p> <p>Retain KSDs for Fund Balance with Treasury.</p>	Two years after the month of the Reconciliation or Report is prepared.