

VOLUME 1, CHAPTER 9: “FINANCIAL RECORDS RETENTION”

SUMMARY OF MAJOR CHANGES

Changes are identified in this table and also 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 [February 2016](#) is archived.

PARAGRAPH	EXPLANATION OF CHANGE/REVISION	PURPOSE
Multiple	Updated hyperlinks throughout the document.	Revision
2.1.2. (090201.B)	Revised paragraph to provide more detail on National Archives and Record Administration (NARA) General Records Schedule (GRS) 1.1	Revision
2.1.3. (090201.C)	Revised wording for clarity related to Figure 9.1	Revision

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CHAPTER 9

FINANCIAL RECORDS RETENTION

1.0 GENERAL (0901)

1.1 Purpose (090101)

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.

1.2 Authoritative Guidance (090102)

1.2.1. 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.

1.2.1.1. NARA general policies for the management and disposal of records are located at Title 36 of the Code of Federal Regulations (CFR), [Chapter XII, Subchapter B, “Records Management,”](#) Parts 1220-1239 ([36 CFR §§ 1220 – 1239](#)).

1.2.1.2. NARA’s disposal authorization guidance for administrative records is located in the [General Records Schedules \(GRS\)](#).

1.2.2. [Federal Acquisition Regulations \(FAR\), Part 4.805](#) provides procedures and schedules for storage, handling, and disposal of contract files.

1.2.3. The DoD records management policy and responsibilities are outlined in DoD [Instruction 5015.02 DoDI 5015.02](#), entitled “DoD Records Management Program.”

1.2.3.1. Within DoD, there are [several](#) 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.

1.2.3.2. The [DoD Directive 3210.06 \(DoDD 3210.06\)](#), entitled “Defense Grant and Agreement Regulatory System,” provides for the collection, retention, and dissemination of management and fiscal data related to grants activities.

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

2.0 RETENTION REQUIREMENTS (0902)

2.1 Record Retention Requirements (090201)

2.1.1. [Title 44 United States Code Section 3301](#) defines the term “records” to 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. [Records do 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.](#)

* 2.1.2. NARA GRS 1.1, “[Financial Management and Reporting Records](#),”

2.1.2.1. [GRS 1.1](#) provides disposition authority for records created and received in the course of carrying out an agency’s financial management and reporting responsibilities. [Financial management includes procuring goods and services, paying bills, collecting debts, accounting for all financial transactions, and monitoring net worth.](#)

2.1.2.1.1. [GRS 1.1](#) covers financial management records of grants and cooperative agreements but does not cover administrative records of such grants and agreements; these administrative records are covered in [GRS 1.2](#).

2.1.2.1.2. [GRS 1.1](#) covers financial transactions and reporting but not overall planning for finance; these records are covered under [GRS 1.3](#).

2.1.2.1.3. [GRS 1.1](#) covers contract records maintained by Federal agencies but not records maintained by contractors, these records are governed by [FAR, Part 4, Subpart 4.7](#).

2.1.2.1.4. [GRS 1.1](#) covers financial transactions as an administrative function common to all agencies, but not administrative records documenting unique agency missions, such as student loan collection or seeking reimbursement for Superfund cleanups.

2.1.2.2. Each record noted within [the GRS](#) includes an item number, the records description, disposition instructions describing the point at which an item can be destroyed “[unless longer retention is authorized and required for “business use,” and the disposition authority for records created and received in the course of carrying out an agency’s financial management and reporting responsibilities.](#)”

* 2.1.3. Figure 9-1 provides general guidelines for minimum retention periods by assessable unit in support of the DoD-wide financial statement audit. Supporting a financial statement audit is an example of “business use” where documentation must be retained for a longer period of time than required by NARA in order to preclude a scope limitation. During an audit, management must furnish a written representation as to the availability of all financial records and related data and the auditors must obtain a reasonable basis for an opinion. These guidelines must be supplemented by professional judgment that considers the specific circumstances related to each financial transaction. For records supporting financial statement audits and held for purposes other than a financial statement audit that require a longer retention period, continue to follow appropriate document retention guidance. At a minimum, Components must comply with NARA and the DoD Records Management Program requirements.

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

2.2 Documentation Requirements (090202)

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

2.2.1. Authority. Components must retain evidence that the transaction was approved and/or certified in accordance with established requirements.

2.2.2. Amount. Components must retain evidence of the dollar value of the transaction.

2.2.3. 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"> • Accounts Payable • Accounts Receivable • Uncollected payments, federal sources, brought forward • Unpaid obligations, brought forward • Unobligated balance, brought forward • Other liabilities • Revenue • Gross Cost 	<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"> • Financial Reporting • Other Adjustments 	<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>

FIGURE 9-1. MINIMUM RETENTION PERIODS (Continued)

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"> • General Equipment • Real Property • Internal Use Software • Inventory and Related Property • Other Assets 	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"> • Other Liabilities • Gross Costs • Military Retirement and Other Federal Employment Benefits 	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.