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Loyola University Chicago Policy for Financial Records Retention

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ACCOUNTABLE DEPARTMENT/UNIT: **Financial Services**. Questions about policy content should be directed to the **University Controller of Loyola University Chicago**.

ABSTRACT: Describes **Loyola University Chicago's** policy for the collection, preservation and maintenance of *financial* records concerning the university's financial operations. Loyola University Chicago record retention requirements in areas other than financial records are not addressed in this policy (i.e., academic records, medical records, police reports).

Policy for Financial Records Retention

Policy Statement

Loyola University Chicago, recognizing its responsibility to its donors, sponsors, regulatory bodies, the academic community and the public to ensure the preservation of financial records documenting the activities of the university, adheres to the following policy for the collection, preservation and maintenance of records concerning the financial operation of the university.

Financial records retention policies and practices have been established to provide consistent operational practices among the various units and to ensure compliance with government regulations. **Loyola University Chicago** conducts business under the rules and regulations of federal, state and local municipalities. Policies and practices must adhere to government regulatory costing principles, such as those contained in the Office of Management and Budget ([OMB Circular No. A-21, "Cost Principles for Educational Institutions,"](#) as well as internal university accounting policies and practices. Federal Acquisition Regulations (FAR) 4.7 and 52.2-5 and [OMB Circular No. A-133](#) specifically requires documented policies and procedures regarding the retention of records.

In addition, anyone generating records supporting the financial transactions recorded in the University financial accounting system while working in an official university capacity should contact the **University Controller's Office (312.915.8706)**, regarding their preservation.

Purpose

Retaining financial records serves two purposes. In the short term, it provides those responsible for management 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.

Applicability

University financial records are university property and include but are not limited to: annual reports, budget and financial statements, government and other contracts produced or received, gifts and donor agreements, bank deposits, bank statements, cancelled checks, wire transfers, check requisitions, credit card receipts, journal entries, spreadsheets or other software programs that document calculations, memoranda, correspondence, planning documents and receipts, e-mail messages to the extent they authorize or provide substantiating information, or other documentation of individual entries made in the transaction of its business. This policy applies to all original documentation supporting the accuracy, applicability and method of calculation for all financial entries.

This policy applies to all original or archival forms of storage media, including but not limited to: paper, microfilm, microfiche and/or jackets, aperture cards, optical disks, CD ROM, 8mm or other magnetic tape, computer drive, any size diskette or other magnetic, film or optical media.

This policy applies to all university academic operations of Loyola University Chicago.

Records Retention

It is the responsibility of departments to designate a person to be responsible for financial records retention. Many departments designate the business manager. The designated person should have appropriate knowledge of and access to departmental financial data. Designated personnel and all university staff and faculty are required to comply with the following:

Retention Periods

The required retention period for various financial documents associated with an activity is dependent upon the source of funds used to support that activity. At the end of the required retention period, documents should be destroyed in an acceptable manner (see Methods of Disposal, below). Documents of permanent historic significance should be coordinated with the University Controller for preservation. For the required retention periods of various documents, refer to Appendix A at the end of this document.

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 both legal and audit requirements. General rules are:

- ***Direct Charges to Contracts and Grants:*** Financial records, supporting documents, statistical records and all records pertinent to a contract or grant's activity must be retained for at least seven years, unless a litigation claim or audit is started before the expiration of this period. In these cases, records need to be retained until seven years after all litigation, claims or audit findings are resolved.
- ***Business Transaction Records for Centers Included in the Facilities and Administrative Cost Rate:*** Records must be retained for seven years following the final sign-off for that year by the federal government.
- ***All Other Business Transaction Records for Centers Not Included in Contracts, Grants or the Indirect Cost Rate:*** Records must be retained for seven years following the end of the fiscal year.
- ***Individual Employee Human Resources and Payroll Information:*** Records must be retained for seven years.
- ***Taxable Income*** (cash receipt information and billings, and all documents for activities deemed unrelated business income): Financial records must be retained for seven years following the end of the fiscal year.

In general, the record retention period is seven years except for permanent records. See Appendix A – Financial Records Retention Schedule for a listing of documents, their retention periods and responsible department.

In the event of pending or active litigation, the University General Counsel may request that financial records be maintained longer than stated in this policy.

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, after the transaction is complete and the expenditure statement containing the transaction has been reviewed, departments may either dispose of or keep copies of documents at their discretion.

Media

Documents may be stored on the most efficient and effective media available as long as the long-term achievability and usefulness of the records are maintained, and the viability and accuracy of the transfer to the archival media are ensured. This may entail, for example, ensuring that the software and hardware necessary to read any magnetic media are available in working order for the duration of the required retention period. Responsible departments should work in partnership with their computing systems provider to ensure usability of archived data.

All forms of media must conform to the established standards for use and storage related to that medium. Consult the **University Controller**, for information on the various standards and storage requirements.

Electronic Transactions

When the source documentation for a transaction is electronic, the department responsible for maintaining the application is responsible for retaining the transaction record. This retention may employ the most efficient and effective media available, as discussed above. (See Appendix B for a list of current responsible departments.)

Departments that create and transmit journal entries electronically must retain all source and supporting documentation for the entries as cited in the Retention Period section. If this is impractical, the source documentation may be given to Financial Services for retention on a pre-approved schedule. In the latter case, Financial Services will assume the responsibility for proper retention and disposal of the records. Please contact the **University Controller** to discuss arrangements for this service.

Paper Documents

When the source documentation for a transaction is paper, the office that receives the original document is responsible for retaining it. In most cases, a central administrative office (such as Payroll or Accounts Payable) is responsible for retention.

Documents Retained Centrally by the University

Certain documents, either original or archival media, are maintained by the central administrative offices of the university. These records do not need to be duplicated in other offices. If you are unsure whether a particular document is retained centrally, contact the **University Controller** before disposal.

See Appendix A – Financial Records Retention Schedule for a listing of documents, their retention periods and responsible department.

Retention of Supporting Documentation by Service Centers

Service center charges are subject to audit as long as the grants or contracts they charge (either directly or indirectly) remain subject to audit requirements. Service centers are also subject to periodic review by the university's Internal Audit Department and by external auditors, to evaluate compliance with established university policies and accounting practices. Therefore, service center activities must be adequately documented and records must be maintained to support expenditures, billings and cost transfers. Each service center must, at a minimum, retain the following:

- Documentation on how the charge out rate(s) was calculated, including the algorithms and components of the rate structures used.
- The Rate Approval Letters from Sponsored Program Accounting.
- Supporting documents related to expenses incurred, including transaction forms and salary data for all current employees.
- Records supporting utilization (level of activity).
- Records supporting the amount and basis of user billings (revenues).

Service centers under long-term agreements must retain their records until either their annual report is audited or that year is "closed" by **Loyola University Chicago**, whichever is later. Service centers should contact the **University Controller**, before disposing of any records.

Storage of Documents

All records, regardless of media, should be stored in containers capable of surviving the storage period while maintaining the physical integrity of the records. Records should be clearly labeled with a description of the contents, the responsible department, the origination date and the disposal date. For advice on the proper storage of records, contact the **University Controller**.

Methods of Disposal

At the end of the required retention period, financial records may be disposed of *unless they support current audit or litigation*. Records may be disposed of via recycling in accordance with the university's recycling policy. The only exception to this is documents containing information, such as name or social security number that could identify any individual member of the campus community. Documents containing this type of information must be disposed of via incineration or pulverization. Please contact **Controller** regarding secure disposal methods.

Confidentiality

In order to safeguard the privacy of individuals, documents that contain salary information are treated in a highly confidential manner. Access to these documents is only allowed on a need-to-know basis with the written approval of the **University Controller**. Once their retention period has expired (if applicable), the documents will be disposed of in a secure manner.

Contact

Questions concerning this policy or its intent should be directed to the **University Controller (312.915.8706)**.

Appendix A - Financial Records Retention Schedule as of September 1, 2004

Document	Required Retention Period	Responsible Department
Accounting transactions	Permanent	Controller
Original Journal or Budget Entries	7 years or until audit is complete, whichever is greater	Controller and Associate Vice President for Finance
Supporting documentation for transactions	7 years or until audit is complete, whichever is greater	Controller
Travel Expense reports and supporting documentation	7 years or until audit is complete, whichever is greater	Originating department or the Controller by written agreement
Trial Balance reports	Permanent	Controller
Audited university financial statements	Permanent	Controller
Internal annual university financial statements	Permanent	Controller
Annual approved university budgets	7 years	Associate Vice President for Finance
Accounts Receivable invoices, trial balances and ledgers	7 years or until audit is complete, whichever is greater	Controller
Purchase Orders & supporting information (specifications, bids, quotes, contracts, etc.)	7 years or until audit is complete, whichever is greater	Purchasing Services and Controller
Accounts Payable invoices, Credit Card Statements, vouchers & supporting information (packing slips, freight records, bills of lading, etc.)	7 years or until audit is complete, whichever is greater	Purchasing Services, Credit Card users and Controller

Special Service Payment forms and supporting information	7 years or until audit is complete, whichever is greater	Controller
Check registers (Accounts Payable, Payroll, other)	Permanent	Controller
Capital Asset records (including Depreciation)	Life of the asset plus one fiscal year	Controller
Pledges, gifts, planned giving and other donor-related documentation	Permanent	Vice President for Development and Controller
Capital project building and renovation records, including contracts	Life of the building plus one fiscal year	Vice President for Facilities
Time and attendance records (timecards, rosters, attendance cards, efforts)	7 years or until audit is complete, whichever is greater	Vice President for Human Resources
Payroll distribution reports and supporting information (including reallocation forms)	7 years or until audit is complete, whichever is greater	Controller
Records of employee deductions, contributions and related information	7 years or until audit is complete, whichever is greater	Controller and Vice President for Human Resources
Annual W-2, 1099, 1042-S and other individual tax reporting	7 years or until audit is complete, whichever is greater	Controller
Tax-Exempt bond financing records, including bond transcripts, offering documents, records pertaining to use of proceeds, investment earnings on tax-exempt bond proceeds, and arbitrage-related records	Life of the bond issue, plus three years	Treasurer
Meeting minutes of the Board of Trustees and the Executive Committee	Permanent	President's Office/University Legal Counsel

Meeting minutes of the Board of Trustees Audit & Finance Committees	7 years	Financial Services
Meeting minutes of other Board of Trustees Subcommittees	Content will determine the appropriate retention period of minutes	Individual Departments

Appendix B - Departments Responsible for Retention of Electronic Records as of September 1, 2004

Responsible Department	Record Type
Human Resources/Payroll	Original entries and records supporting all employment, employee benefits and payroll deductions.
Business Services/Post Office	Original entries and supporting documentation for: <ul style="list-style-type: none"> • postage meter • stamp requisitions • postage trust • international mail • regular package shipments
Business Services/Bookstore Services	Original entries and supporting documentation for: <ul style="list-style-type: none"> • purchases charged to departmental accounts in any retail location
Business Services/Dining Services	Original entries and supporting documentation for: <ul style="list-style-type: none"> • purchases charged to departmental accounts in any dining location • purchases charged to departmental accounts via Loyola University Chicago catering services
Business Services/Purchasing Services	Original entries and supporting documentation for: <ul style="list-style-type: none"> • allocation of Credit Card purchases to the appropriate general ledger centers and accounts
Business Services/Parking Services and Human Resources	Original entries and supporting documentation for: <ul style="list-style-type: none"> • individual parking deductions • parking fees charged to departmental accounts • bank deposits

Facilities Services	<p>Original entries and supporting documentation for:</p> <ul style="list-style-type: none"> • billings for Facilities work order services • billings for project management services
Telecommunications	<p>Original entries and supporting documentation for:</p> <ul style="list-style-type: none"> • telephone installation, repair or removal • regular line and equipment charges, including cellular phones • message unit, long distance and other per call charges
Computing Services	<p>Original entries and supporting documentation for:</p> <ul style="list-style-type: none"> • usage and/or printing from Computing Services hardware charged to departmental accounts • services provided for the repair or installation of computing equipment charged to departmental accounts • services provided for the activation of campus network outlets charged to departmental accounts
Recharge Centers	<p>Original entries and supporting documentation for:</p> <ul style="list-style-type: none"> • services and equipment charged to departmental accounts
Controller	<p>Original entries and supporting documentation for:</p> <ul style="list-style-type: none"> • distribution of all employee payments, taxes and benefits (HRIS) • Accounts Payable invoice transactions • Accounts Receivable invoice, payment and reconciling transactions • Miscellaneous journal entries, both keyed at external locations and keyed internally • Cash deposits (non-student receivables)
Enrollment Services and Bursar	<p>Original entries and supporting documentation for:</p>

	<ul style="list-style-type: none"> • distribution of all student-related transactions, including tuition, financial aid, housing, dining and any other items processed via the PeopleSoft system
Development	<p>Original entries and supporting documentation for:</p> <ul style="list-style-type: none"> • gifts to the university
Business Services	<p>Original entries and supporting documentation for:</p> <ul style="list-style-type: none"> • copying services and/or copy machine rentals charged to departmental accounts • design, publication, mailing and/or postage services charged to departmental accounts • invoices supporting third party billings passed on to departmental accounts
Budget Services	<p>Original entries and supporting documentation for:</p> <ul style="list-style-type: none"> • distribution of endowment income • all non-research budgets • all revenue projections • minutes of all pertinent budget meetings
Sponsored Projects – Pre and Post Award Operations	<p>Original entries and supporting documentation for:</p> <ul style="list-style-type: none"> • cost transfers • miscellaneous correcting entries • research budgets • Sponsored Research Overhead distribution • final, signed contracts, grants and other sponsor agreements or amendments • financial and administrative reports required by research sponsors or regulatory agencies