**Responsible Official: Director of Business and Finance**

**Responsible Office:  Business and Finance**

**Effective Date: March 26, 2015**

**Revision Date:**

Scope

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

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 Corporation 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 Corporation’s Director of Business and Finance is responsible for setting the standards for retention and management of Corporation financial records, in collaboration with the Executive Director of the Corporation.  Such records must be retained for a period of time necessary to meet the operational, administrative and legal requirements of the Corporation, and must then be destroyed according to established destruction schedules.

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

Most financial and transactional records are non-archival. However, it may be determined that certain categories of financial records are of permanent value to the Corporation, 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 Records and Grant Section). 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.

Corporation 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 the Office of the Business and Finance in support of this policy.

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 Corporation funds, payment of invoices, etc.).

**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, Corporation Bylaws, deeds, continuing agreements with external parties, and other similar documents.

**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 member of management who serves as the Director of the Business and Finance 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.

Policy Sections

*Administrative Responsibility*

The Director of Business and Finance 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 Corporation’s financial records management systems.

*Ownership of Institutional Records*

Corporation financial records are the property of the Corporation 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 Corporation, including those records that the employee helped develop or compile, and no employee may remove or copy such records for personal use.

*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 Corporation 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 Corporation 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.

 Active records are those needed to support the current business activity of the Corporation.

 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.

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 Corporation guidelines and procedures.

The Corporation’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. It may be acceptable to store inactive financial records at other facilities; if suitable space is available that meets Corporation 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. Authorization must be obtained for such disposal. 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 and sent to the recycle center for disposal. Non-confidential paper records may be put into a designated recycle container.

If litigation is pending, threatened or anticipated, records bearing on such litigation must not be destroyed except by permission of the Corporation’s Legal Counsel. Similarly, documents under audit must not be destroyed. Legal Counsel and officials notified of audit requirements will regularly update the Director of Business and Finance and the Executive Director with information about pending litigation or audits that require special attention.

Accessibility of Records

Financial records must be easily retrievable for examination by authorized personnel and 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.

Safeguarding Records

The Director of Business and Finance 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 Director of Business and Finance must use sound judgment in restricting access to financial records, giving consideration to the degree of confidentiality warranted for such records.

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 Corporation accepts a federal grant or contract it enters into a binding agreement that requires it to apply federal disposition schedules of 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 Corporation policy, the longer period shall apply.

Records Related to Payroll

Specific guidance under Federal Law (partial list)

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| **Law** | **Records/reports** | **Time period** |
| Age Discrimination Employment Act | Payroll, applications, promotion and demotion records, transfer, layoff, recall, etc. | Three years for payroll, one year for applicants; if charged or lawsuit filed, wait until final disposition |
| Americans with Disabilities Act | Applications, requests for reasonable accommodation  | One year from making the record or taking the personnel action, if charged or lawsuit filed, wait for final disposition |
| Civil Rights Act (Title VII) | Applications and other personnel records including promotions, transfers, demotions, layoffs, temporary and seasonal employees. Annual EEO-1 report for federal contractors with 50 or more employees and contracts of $50,000 and nongovernment contractors with 100 or more employees. | One year from making the record or taking the personnel action; if charged or lawsuit filed, wait for final disposition |
| COBRA  | Proof of initial notice and written notice to employees and their dependents to continue group health plan coverage under certain conditions. | Keep three years following event |
| ERISA  | Summary plan descriptions, annual reports, notice or reportable events such as plan amendments, plan terminations | Minimum of six years, records used to determine employee benefits must be retained as long as they are relevant |
| Equal Pay Act  | Payroll records, timecards, wage rates, additions to/deductions from paychecks, etc. | Three years |
| Fair and Accurate Credit Transactions (FACT) Act | Consumer credit reports  | Employers must shred documents with information derived from credit reports |
| Fair Labor Standards Act (FLSA) | Payroll or other records containing employee name, home address, date of birth, gender, occupation, rate of pay, time records, defined pay period, wages for each employee per pay period, deductions to or additions to paycheck, date of each payment and period covered. | At least three years |
| Family and Medical Leave Act (FMLA) | Records relating to basic employee data, dates of leave taken (for intermittent leave, hours of leave taken), copies of employee notices | Three years |
| FICA, FUTA, Federal Withholding | Records with employee name, compensation and tax information  | Four years after date tax is due paid |
| I-9  | Completed INS Form I-9 signed by employee and employer  | Three years after date of hire or one year after date of termination, whichever is later |
| OSHA | Log of occupational injuries and illness, annual summary of injuries and illness. | Five years |
|   | Medical records / records of employee exposure to toxic substances by employees | Employee’s job tenure plus 30 years |
| Rehabilitation Act of 1973 applies to federal contractors | Personnel/employment records, results of physical exams, records regarding hiring, assignment, promotion, layoff, termination, compensation and selection for training. | Two years |
|   | Disability complaints  | Kept until final disposition |
|   | Affirmative action plans  | Updated annually, no requirement to retain expired plans |
| Uniform Guidelines on Employee Selection Procedures | Records of number of persons hired, promoted, terminated by gender, race and national origin. Records include applications, tests, and other selection results for hiring, promotion, transfer, training and termination. | Where adverse impact is found, records must be kept for two years. |

Special Situations/Exceptions

**Exceptions to this policy must be approved by the Executive Director.**