

MEMORANDUM

To: County and Municipal Government Agencies

From: Tom Turley, Local Government Records Archivist, ADAH

Subject: Revised Disposition for Accounting/Purchasing Records Related to Federal Grants

Date: May 9, 2006

At its last meeting on April 26, the Local Government Records Commission approved a revised disposition for routine accounting and purchasing records (subsidiary financial records) that pertain to federal grants. These records were not specifically covered in many local government RDAs, although disposition was provided for grant financial reports.

The Examiners of Public Accounts have noticed, in conducting county audits, that some agencies do not file accounting or purchasing records that pertain to grants with grant financial reports. Instead, they are filed with other routine accounting and purchasing records, which currently have a retention period of “2 years following audit.” The problem is that federal Rule 1354 (“Common Rule for Uniform Administrative Requirements for Grants and Cooperative Agreements with State and Local Governments”) mandates three-year retention of federal grant-related financial records. If a local agency’s grant-related accounting or purchasing records were created near the close of an audit cycle, “2 years following audit” may not amount to three full years.

The commission approved a two-stage solution to the problem. First, an additional section will be added to the RDA item covering federal grant files, in order to provide separate disposition for grant-related subsidiary financial files. They will be assigned the three-year retention period mandated by federal Rule 1354. Second, notes will be added to the RDA items covering routine accounting and purchasing records, stating that the disposition for grant-related accounting and purchasing records is provided under the item covering federal grant files.

An example of these revisions (as they will appear in the next edition of each agency’s RDA) is shown below:

Accounting Records

- a. **Routine accounting records.** These are records of original entry or other routine accounting transactions, including journals, registers, ledgers, receipts, invoices for services, bank statements, deposit slips, canceled checks, and other supporting documentation. Retain 2 years following audit.



Note: Disposition for grant-related accounting records is provided under RDA item ____.

The same note will be added to the RDA item for purchasing records.

Grant Project Files. These records document the agency's application for and conduct of grant projects funded by local, state, federal, or private sources. Disposition is as follows:

- a. **Financial reports, interim narrative reports, and correspondence.** These records include financial reports, interim narrative reports, background materials, and other non-financial supporting documentation for grants awarded. Also included are records relating to unsuccessful grant applications. Retain 6 years after submission of final financial report or denial of application.
-  b. **Subsidiary financial records.** These records include accounting or purchasing records and any other subsidiary financial documentation of federal grants, excluding financial reports (see federal Rule 1354). Retain 3 years after submission of final financial report.
- c. **Final narrative report.** Final narrative reports are submitted according to the requirements of the funding agency. They summarize the goals of the grant, how the money was used, and what was accomplished. **PERMANENT**