THE UNIVERSITY OF MICHIGAN

STANDARD PRACTICE GUIDE

SECTION:	Business and Financial Services	**Number:**	604.1
		Revised:	5/30/97
SUBJECT:	Department Record Retention For Business and Financial Records	**Date Issued:**	9/30/85
		Attachment(s)	0
APPLIES TO:	All Departments and Units of the University		
ISSUED BY:	Financial Operations, University Audits and the Bentley Historical Library		

I. Policy and Purpose

The required retention period of various documents associated with an activity is dependent upon the source of funds supporting the activity. At the conclusion of the recommended retention period as outlined in sections II - VII, departmental financial records should be removed from the unit's active files. Most of this material, including all types of records listed in section IV, should at that time be destroyed. An exception is summary financial reports which should be maintained in the unit files for possible retention by the University of Michigan Archives which is housed in the Bentley Historical Library.

At the conclusion of the appropriate retention period, the University Archives and Records Program staff of the Bentley Historical Library should be requested to review files to determine which records should be transferred to the archives. Items which have met the record retention requirements and which have been judged to have no long-term historical value by the archives staff should be destroyed.

Business and financial records include but are not limited to vendor contracts, purchase orders, vendor payments, payroll payments, reimbursement documentation, income and expense summaries, allocations and reconciliations. Business and financial records, whatever their format, are to be retained for the proper periods. The business and financial records may be retained in the traditional written format, in electronic format or in an imaged format (a specialized subsection electronic format).

II. Funding Source Retention Periods

A. Sponsored Programs

Sponsored activities administered under the terms and conditions of a grant or contract agreement normally require retention of records for seven (7) years from the expiration date of the agreement except as otherwise stated therein. This time period is measured from the final project ending date extended by any amendments or modifications.

B. Gifts and Endowments

Department gift records should be maintained for a period of seven (7) years from the time of receipt. To ensure a complete understanding, and compliance with, all agreements relating to an Endowment, all documents relating to all Endowment are to be maintained in the permanent trust endowment files in the Financial Operations' vault. All such documents should be forwarded to the Endowment Fund, Attention: Endowment Supervisor, Sixth Floor Wolverine Tower, for proper filing.

C. Non-sponsored Programs

Non-sponsored activities, such as the Designated Fund, General Fund, and Auxiliary Activities Funds, require record retention of the current fiscal year plus the two (2) prior fiscal years.

D. Rebilling Units

All service units, such as (but not limited to) stores and copy centers, are required to meet the retention period provided in IIA, because these units bill sponsored programs. Any charges which service units cannot produce supporting documentation for are subject to reversal. At a minimum retained items would include, but would not be limited to, user requisitions and pricing methods.

E. Sales Tax Documentation

For those units that are required to remit sales tax, supporting documentation of their sales activities must be retained for six (6) years from the fiscal year-end. Additional retention might be required for a number of reasons. Please review your disposal plans with the University Tax Department before implementation. See SPG 502.03 for Sales Tax filing requirements.

F. Unrelated Business Income

For those units that are required to remit Unrelated Business Income Tax, supporting documentation of their activities must be retained for six (6) years from the fiscal year-end. Additional retention might be required for a number of reasons. Please review your disposal plans with the Tax Department before implementation. See SPG 502.4 for Unrelated Business Income filing requirements.

III. Documents Retained Centrally by the University

Certain documents, either the original, microfilm copies, electronic images or original electronic files are retained by the central administrative offices of the University for appropriate retention periods. These records do not need to be duplicated in other offices except as indicated in Section IV below.

IV. Minimum Retention Requirements

The following documents must be maintained for a period of two (2) years plus the current fiscal year by all departmental units. This retention, including all supporting materials, will document the regular review of financial statements, by authorized University units, for completeness and accuracy.

A. Personnel, Appointment & "Turn Around Documents". See SPG 201.46 for a definition of Personnel Records.

B. Payroll Gross Pay Registers and Journals

C. Personnel forms E, X, G, G-2, and Temporary Employment Forms. See SPG 201.46 for a definition of Personnel Records.

D. Purchase Requisitions and Orders

E. Service Unit Billing Statements

F. Cash Receipts

G. Cash Payments

H. Transfer Vouchers

I. Sales Invoice and Credit Memoranda

J. Approval of Application for Grant or Contract Forms

K. Project Budget Reports

L. Statements of Account

M. Encumbrance Reports

N. Organization Reports

O. Invoice Vouchers and Travel Vouchers

V. Additional Documents

Additional documentation that is available only in unit or departmental files must be retained in the department for the time periods indicated in Section II above. This would include purchase selection documentation of supplies, personnel, consultants, other purchases (especially for single source equipment requests).

VI. Tax Returns

Separate tax returns for specific units/services have additional record retention requirements. Support documentation for all Unrelated Business Activity must be retained for seven (7) years from the end of the fiscal year. Support documents include, but are not limited to, contracts, equipment purchases, equipment depreciation worksheets, income and expense analysis worksheets, re-billing records, and supporting records for any income or expense claimed on the Federal Unrelated Business Income tax return. Specific questions regarding these time periods and records should be directed to the Tax Department of Financial Operations (763-3282).

VII. Department Requirements

Departmental files serve as working files for monitoring and managing a department or unit's activities. These files may be used to substantiate the appropriateness and the authenticity of an expenditure for departmental or unit activities. This information must be available for the internal and external auditors' verification for the appropriate time periods. Unresolved audits or court proceedings may extend the required retention periods. Specific questions regarding the retention of financial records should be directed to the Director of Financial Operations telephone: 764-7214, or the Director of University Audits telephone: 647-7500. Questions about the transfer of records for archival purposes should be directed to the Bentley Historical Library. Telephone: 764-3482.