

## Policy for Financial Records Retention

### ***Policy Statement***

Mount Sinai School of Medicine, recognizing its responsibility to its donors, sponsors, regulatory bodies, the academic community and the public to ensure the preservation of records documenting the activities of the Institution, adheres to the following policy for the collection, preservation and maintenance of records concerning the financial operation of the Institution.

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. Mount Sinai School of Medicine 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 Institution accounting policies and practices. As of September 1995, the Institution has incorporated federal Cost Accounting Standards (CAS). Consequently all records and documentation of the Institution's compliance with CAS are required to be maintained in the same manner as other financial records described. Federal Acquisition Regulations (FAR) 4.7 and 52.2-5 and [OMB Circular No. A-133](#) specifically require documented policies and procedures regarding the retention of records.

### ***Related Policies***

- [Cost Transfer Policy for Sponsored Programs](#) (Memorandum 176)
- [Mount Sinai School of Medicine Travel Expense Reimbursement Policy](#) (Memorandum 115E)

### ***Purpose***

Retaining 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 Institution to comply with Federal Acquisition Regulations, the Internal Revenue Service regulations and other federal, state and local regulations governing auditability.

### ***Applicability***

Institutional financial records are Institutional property and include: annual reports, budget and financial statements, government contracts produced or received, gifts and donor agreements, 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: 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 units at Mount Sinai School of Medicine.

### **Records Retention**

It is the responsibility of departments to designate a person to be responsible for records retention. Many departments designate the Departmental Administrator. The designated person should have appropriate knowledge of and access to departmental financial data.

Designated personnel and all Institution staff and faculty are required to comply with the following:

#### **Retention Periods**

The required retention period for various 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). 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 Included in the Facilities and Administrative (F+A) Cost Rate:* Records must be retained for seven years following the final sign-off for that year by the federal government. The Sponsored Projects Accounting Division is responsible for maintaining F+A rate documentation.
- *All Other Business Transaction Records Not Included in Contracts, Grants or the F+A Cost Rate:* Records must be retained for seven years following the end of the fiscal year.
- *Individual Employee Payroll Information:* Records must be retained for seven years from retirement or termination.
- *Transactions Supporting Tax-Exempt Bond Financing:* Records must be retained until six years after the bonds have been retired.
- *Taxable Income* (cash receipt information and billings, and all documents for activities deemed unrelated business income): Records must be retained for six years following the end of the fiscal year.

Longer retention times apply to certain documents. See [Appendix A - Financial Records Retention Schedule](#) for a listing of documents, their retention periods and responsible department.

## **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 dispose of documents as all documentation supporting financial transactions are scanned by School Finance and are available online.

## **Media**

Documents may be stored on the most efficient and effective media available as long as the long-term archivability 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.

## **Electronic Transactions**

When the source documentation for a transaction is electronic, generally the School Finance Department is responsible for retaining the transaction record with the exceptions noted in Appendices A&B...

## **Paper Documents**

When the source documentation for a transaction is paper, the office that receives the original document is responsible for either scanning it and submitting it to School Finance along with any other documentation required for approval of the transaction or sending the physical documentation to School Finance for scanning. Once scanned, School Finance will be responsible for retention.

### **Documents Retained Centrally by the Institution**

Most financial documents, either original or archival media, are maintained by School Finance. These records do not need to be duplicated in other offices. If you are unsure whether a particular document is retained centrally, contact School Finance at 212-731-3422.

See [Appendix A - Financial Records Retention Schedule](#) for a listing of documents, their retention periods and responsible department.

### **Retaining Records at an Off-site Location**

In order to safeguard the assets of the School in the case of extreme physical disaster, records of permanent or long-term value should be stored in secure off-site locations. Generally, School Finance has this responsibility (See Appendices A&B for exceptions) for all financial transaction documentation and will arrange for the appropriate off-site storage of their financial records. For more information on off-site storage vendors contact School Purchasing.

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 Purchasing Department at 212-731-3366.

### Methods of Disposal

At the end of the required retention period, financial records may be disposed of unless they support current audit or litigation. The only exception to this is documents containing information, such as name or social security number, that could identify any individual member of the School community.

### 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 Payroll Director. 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:

Fred Berardinone, Director of Finance, 212.731.3422.

1. [Appendix A - Financial Records Retention Schedule](#)
2. [Appendix B - Departments Responsible for Retention of Electronic Records as of 12/31/07](#)

**Appendix A - Financial Records Retention Schedule**

<b>Document</b>	<b>Required Retention Period</b>	<b>Responsible Department</b>
Accounting transactions	7 years or until audit is complete, whichever is greater	School Finance
Original Journal or Budget Entries	7 years or until audit is complete, whichever is greater	School Finance
Supporting documentation for transactions	7 years or until audit is complete, whichever is greater	School Finance
Travel Expense reports and supporting documentation	7 years or until audit is complete, whichever is greater	School Finance
Trial Balance reports	7 years or until audit is complete, whichever is greater	School Finance
Department Budget Submissions	7 years or until audit is complete, whichever is greater	School Finance
Audited Institution financial statements	7 years or until audit is complete, whichever is greater	School Finance
Internal monthly Institution financial statements	7 years or until audit is complete, whichever is greater	School Finance
Documentation supporting tax-exempt bond issues	6 years beyond the bonds retirement	School Finance
Accounts Receivable invoices, trial balances and ledgers	7 years or until audit is complete, whichever is greater	Originating department

Purchase Orders & supporting information (specifications, bids, quotes, contracts, etc.)	7 years or until audit is complete, whichever is greater	School Finance
Accounts Payable invoices, vouchers & supporting information (packing slips, freight records, bills of lading, etc.)	7 years or until audit is complete, whichever is greater	Medical Center Accounts Payable
Check registers (Accounts Payable, Payroll, other)	7 years or until audit is complete, whichever is greater	Medical Center Payroll and Accounts Payable
Capital Asset records (including Depreciation)	Life of the asset plus one fiscal year or as long as the asset is in use	School Finance
Pledges, gifts, planned giving and other donor-related documentation	Permanent	Development Office
Capital project building and renovation records, including contracts	Life of the building plus one fiscal year or 6 years beyond the retirement of tax-exempt bonds that financed the facility	School Finance
Time and attendance records (timecards, rosters, attendance cards, efforts)	7 years or until audit is complete, whichever is greater	Medical Center Payroll
Payroll distribution reports and supporting information (including reallocation forms)	7 years or until audit is complete, whichever is greater	Medical Center Payroll
PTO records (including Reserve Sick Day documentation) for both current and former employees	7 years or until audit is complete, whichever is greater	Human Resources Department

Records of employee deductions, contributions and related information	7 years or until audit is complete, whichever is greater	Medical Center Payroll and Human Resources Departments
Annual W-2, 1099 and other individual tax reporting	7 years or until audit is complete, whichever is greater	Medical Center Payroll

**B. Appendix B - Departments Responsible for Retention of Electronic Records as of 11/30/96**

Responsible Department	Record Type
Accounts Payable	Original entries and supporting documentation for: <ul style="list-style-type: none"> <li>• allocation of American Express purchases to the appropriate general ledger centers and accounts</li> </ul>
Medical Center Payroll and Parking Services	Original entries and supporting documentation for: <ul style="list-style-type: none"> <li>• individual parking deductions</li> </ul>
Facilities Management Services (FMS)	Original entries and supporting documentation for: <ul style="list-style-type: none"> <li>• billings for project management services</li> </ul>
Telecommunications	Original entries and supporting documentation for: <ul style="list-style-type: none"> <li>• telephone installation, repair or removal</li> <li>• regular line and equipment charges, including cellular phones</li> <li>• message unit, long distance and other per call charges</li> </ul>
Academic Computing and/or Information Technology	Original entries and supporting documentation for: <ul style="list-style-type: none"> <li>• usage and/or printing from Computing Services hardware charged to departmental accounts</li> </ul>

	<ul style="list-style-type: none"> <li>• services provided for the repair or installation of computing equipment charged to departmental accounts</li> <li>• services provided for the activation of campus network outlets charged to departmental accounts</li> </ul>	
Originating Service Center	<p>Original entries and supporting documentation for:</p> <ul style="list-style-type: none"> <li>• services and equipment charged to departmental accounts</li> </ul>	
<p>Medical Center Payroll</p> <p>Medical Center Accounts Payable</p> <p>Originating Department</p> <p>School Finance</p>	<p>Original entries and supporting documentation for:</p> <ul style="list-style-type: none"> <li>• distribution of all employee payments, taxes and benefits (HRIS)</li> <li>• Accounts Payable invoice transactions</li> <li>• Accounts Receivable invoice, payment and reconciling transactions</li> <li>• Miscellaneous journal entries, both keyed at external locations and keyed internally</li> <li>• Cash deposits (non-student receivables)</li> </ul>	
Medical Education	<p>Original entries and supporting documentation for:</p> <ul style="list-style-type: none"> <li>• distribution of all student-related transactions, including tuition, financial aid, housing, dining and any other items processed via the SIS/SAR system</li> </ul>	
Development	<p>Original entries and supporting documentation for:</p> <ul style="list-style-type: none"> <li>• gifts to the Institution</li> </ul>	
Grants and Contracts Office	<p>Original entries and supporting documentation for:</p>	

- 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