

## WESTERN KENTUCKY UNIVERSITY FOUNDATION

### POLICY AND PROCEDURES MANUAL

**SECTION:** General

**SUBJECT:** Record Retention Policy

**GENERAL:** Implementation of a records management program to establish and maintain an active, continuing program for the economical, efficient management of the records for the Western Kentucky University Foundation.

**PROCEDURE:** The Western Kentucky University Foundation program shall include:

- a. effective controls over the creation, maintenance, and use of records in the conduct of current business;
- b. cooperation with external organizations in applying standards, procedures, and techniques designed to improve the management of records;
- c. promotion of the maintenance and security of records considered appropriate for preservation, and facilitation of the segregation and disposal of records of temporary value.
- d. compliance with the provisions of federal, state and local laws.

An essential part of a fully implemented records management program is a regular application and use of an approved records retention schedule. This schedule is a list of each records type, what is termed a "record series," created by the WKU Foundation. The Foundation is also responsible for seeing that records contain adequate and proper documentation of the organizational functions, policies, decisions, procedures, and essential transactions records are preserved.

These safeguards must include advising all officials and employees that no records are to be transferred to another party or destroyed except in accordance with the law.

The records retention schedule is as follows:

## **Records Retention Schedule: Terminology**

### **Permanent Record**

Records which have been appraised by staff as having sufficient historical, informational, or evidential value to the Foundation that their continued preservation beyond the time they are needed for administrative, legal, or fiscal purposes is warranted. Such records are preserved because they constitute evidence of the Foundation's functions, policies, decisions, procedures, and operations. Generally, permanent records comprise only 5% to 7% of an organization's total records.

Examples of permanent records include but are not limited to: official correspondence; minutes of meetings of Board of Trustees; special reports; publications; annual reports; and audit reports.

### **Fixed Retention Record**

These are records with specific, fixed retention period, such as three years, six months, fifty years. The duration of a records administrative, fiscal, or legal value is defined by both Foundation use and state and federal requirements. Recommended retention periods are determined by staff during the scheduling process and are fixed and authorized when approved by the Board of Trustees. To realize economic benefits, the Foundation should destroy its non-permanent records when retention periods expire unless some legal action is pending.

### **Indefinite Record**

The term "indefinite" is not a retention period and does not mean permanent. Indefinite means the period of time before the retention of the record begins (i.e., a lease). The retention period of a lease is triggered by its termination or cancellation. In the case of reference and informational material, the retention is determined by when the records cease to be of value administratively which could be one day, one month, or several years. The disposition instructions in the schedule explain conditions under which indefinite records may be destroyed.

### **Fiscal Record**

Summary fiscal records which provide a general picture of the fiscal operation of the Foundation must be kept permanently. Examples include: operating budgets, audit reports, annual financial reports, journals, and ledgers. These similar records are identified in the records retention schedule.

## **Auditable Record**

Records of the Foundation which are subject to audit are those which relate to financial transactions or represent an audit trail. Audits may be either fiscal or compliance in nature. When the word "audit" appears in the disposition column of the records retention schedule, it refers to state, federal, or internal fiscal or compliance audits. Audits of Foundation records intended to meet requirements occur annually and are completed by independent auditing or accounting firms.

Unless otherwise supported by Kentucky Revised Statutes or federal regulations specifying a longer retention, the retention requirement for records subject to audit is three years. If the Foundation is aware of the need to maintain records longer than the standard three year period, as may be the case with some federal audits, then all affected records should be retained until the audit has been completed and the retention period met, or the records have been officially exempt from any audit requirements.

Records which are subject to audit also fall into the category of indefinite records because it is the completion of the audit which actually triggers the retention period of three years. The schedule reflects a "three year" retention period in the Foundation with disposition of "destroy after audit." This means that the record must be retained by the agency for three years after the audit has been completed even though the Foundation is audited annually. In other words, the record can only be destroyed after the audit has been completed and three years has elapsed. This ensures that all records which have been audited are available for further review should there be exceptions to the completed audit. The indefinite period, then, is the time between creation of the record and completion of the audit.

## **Vital Records**

Vital records are defined as those records essential to the continued functioning of the Foundation during and after an emergency, and also those records essential to the protection of the rights and interest of the Foundation and the individuals for whose rights and interest it has responsibility. Vital records are identified in the retention schedule with a V. The records which have been identified as vital on the retention schedule may not be fully inclusive; therefore, Foundation staff should identify the additional records which may be vital and take the necessary steps to ensure their protection.

All records which have been identified as vital to the Foundation should be isolated and protected as to ensure their availability should the need arise. Vital records protection methods include: 1) natural dispersion (that is, duplicates of vital records are dispersed to off-site locations by virtue of the Foundation's normal operating procedures); 2) duplicating the record and storing it off-site in a protected environment; 3) duplicating the record and storing it on-site in a

protected environment; 4) storing the records in its original form on-site at the end of the day in a protected environment; and 5) storing the record in its original form off-site at the end of the day in a protected environment.

Because a record is vital to the Foundation does not mean its retention is always permanent, nor is a record judged of permanent value always equal to a vital record. A vital record can be essential to the Foundation for a portion of the retention period or for the entire period depending on whether the record documents comprise less than 5% of the total records of an organization.

### **Confidential Records**

Whether a record is open to public inspection is a matter determined by the application of the state's Open Records laws and other relevant statutes or federal regulations. Public inspection of confidential records is restricted. Records of the Foundation which are considered to be confidential and to which a claim of restricted access can be supported by a proper citation from Kentucky's Revised Statutes, Foundation Policies, or similar authority are identified on the retention schedule with a C.

### **Official Correspondence**

Official correspondence is a permanent record which documents the major activities, functions, and programs of the Foundation and the important events in its history. It is critical that official correspondence be preserved as it provides a record of policy evolution and formulation, how and why decisions are made, and the effect of those decisions upon the Foundation and its constituencies. Without official correspondence, we lose much of the understanding of the administration of an organization. Its retention, therefore, is crucial to the preservation of the administrative history of the Foundation.

In general, the correspondence of the Chair of the Foundation as well as that of the Executive Director is considered to be official correspondence.

### **General Correspondence**

General correspondence is correspondence which is not crucial to the preservation of the administrative history of the Foundation. It is generally of a non-policy nature and without permanent value. It deals only with the general operations of the Foundation, operations which are better documented by other records. General correspondence

should be retained no longer than two years. However, before destruction occurs, the files should be screened to remove any official correspondence which may be present.

### **Minutes of Meetings**

The meetings of the full board of the Foundation have been identified as the type of meetings for which minutes should be created and retained. Minutes of meetings constitute proper documentation of essential Foundation transactions and organizational functions. While individual committees are an integral part of the Foundation, it is not necessary to document their actions before a recommendation is made to the entire board.

One copy of each set of approved minutes should be part of the permanent record.

### **Informational and Reference Materials**

Informational and reference materials are aids of a technical or non-technical nature used in the conduct of official business. The disposition for such materials is to destroy when no longer useful to the Foundation. Examples of informational and reference materials may include externally created brochures and publications, duplicate copies of memoranda which do not require action by the receiving unit, literature not related to day-to-day activities, and some tracking tools, such as logs.

# Western Kentucky University Foundation

## Policy No. 100-5

**IND = Indefinite V = Vital Record P = Permanent C = Confidential**

Title	Retention (Years)	Disposal
Account Reconciliation File	3	Destroy after audit
Accounts Receivable Files	3	Destroy after audit
Advice of Charitable Gifts	3	Destroy after audit
Audit Reports (V)	P	
Bank Statements/Reconciliations	P	
Canceled Checks	3	Destroy after audit
Check Stubs	3	Destroy after audit
Contracts, Agreements and Related Papers	P	
Correspondence - General	Ind	Retain no longer than two years
Correspondence - Official (V)	P	
Deed Files (V)	P	
Deposit Batch Detail	3	Destroy after audit
Donors Records	C	Destroy when no longer needed or useful
Endowment Allocation Reports	3	Destroy after audit
Expense Vouchers with Invoices	3	Destroy after audit
Financial Records	3	Destroy after audit
Foundation Travel Vouchers	3	Destroy after audit
General Ledger	P	
Gift-In-Kind Documentation	P	
Insurance File - Building and Equipment (V)	3	Destroy three years after expiration or termination and audit
Interaccount Bills	3	Destroy after audit
Inventory Forms/Lists	Ind	Destroy after disposal of equipment
Investment Statements	P	
IRS Forms (V)	P	
Lease Agreements (All types)	3	Destroy three years after expiration or termination, and audit
Manuals, Operating	P	Retain one copy; destroy excess copies when no longer needed
Minutes (V)	P	
Non-charitable Gift Receipt	3	Destroy after audit
Pledge Cards	1	Destroy after audit
Pre-Check Report	1	Destroy after audit
Property Appraisal File (V)	P	
Property Files (V)	P	
Publications	P	
Purchase Orders	3	Destroy after audit
Reference/Informational Materials	Ind	Destroy when no longer needed or useful
Reports - Annual or Summary	P	
Reports - Periodic Activity	Ind	Destroy when annual or summary reports are approved
Scholarship Reimbursements to WKU	3	Destroy after audit
Split Payment Requests	3	Destroy after audit
Vendor Lists	Ind	Maintain current file, destroy non-current lists when obsolete