



**DATE:** July 8, 2016

**DIRECTIVE NO:** 36-16

**RECISSION:** La Cooperative Directive No. 21-09

**TO:** All La Cooperativa Subrecipients And Contractors

**SUBJECT:** Records Retention

**PURPOSE:**

The purpose of this directive is to provide the La Cooperativa subrecipients and contractors with policy and procedural guidance for provide record retention, maintenance, access, and disposition procedures.

**REFERENCES:**

- 2 CFR Chapter I and Chapter II, Parts 200, 215, 220, 225, and 230 - Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards; Final Rule

**BACKGROUND:**

On December 26, 2013, the Office of Management and Budget revised the Uniform Administrative Requirements for Federal grants, combining those requirements with those of the audit requirements and cost principles. These regulations are codified at 2 CFR Chapter I and Chapter II, Parts 200, 215, 220, 225, and 230, became effective December 26, 2014, and are referred to as the Uniform Guidance. These rules contain the requirements for the retention, maintenance, access, and disposition of records associated with the administration of subawards and subcontracts made by La Cooperativa.

**DEFINITIONS:**

Contract means a legal instrument by which a non-Federal entity purchases property or services needed to carry out the project or program under a Federal award. The term does not include a legal instrument, even if the non-Federal entity considers it a contract, when the substance of the transaction meets the definition of a Federal award or subaward.



Machine Readable means data encoded on an appropriate medium and in a form suitable for processing by computer. Suitable for feeding directly into a computer.

Subaward means an award provided by a pass-through entity to a subrecipient for the subrecipient to carry out part of a Federal award received by the pass-through entity. It does not include payments to a contractor or payments to an individual that is a beneficiary of a Federal program. A subaward may be provided through any form of legal agreement, including an agreement that the pass-through entity considers a contract.

Subrecipient means a non-Federal entity that receives a subaward from a pass-through entity to carry out part of a Federal program; but does not include an individual that is a beneficiary of such program. A subrecipient may also be a recipient of other Federal awards directly from a Federal awarding agency.

## **POLICY:**

Financial records, supporting documents, statistical records, and all other records pertinent to a subaward must be retained for a period of three years from the date of submission of the final expenditure report to La Cooperativa. The only exceptions are the following:

- If any litigation, claim, or audit is started before the expiration of the 3-year period, the records must be retained until all litigation, claims, or audit findings involving the records have been resolved and final action taken.
- When the subrecipient or contractor is notified in writing by the State of California, the Federal awarding agency, cognizant agency for audit, oversight agency for audit, cognizant agency for indirect costs, or La Cooperativa to extend the retention period.
- Records for real property and equipment acquired with subaward funds must be retained for 3 years after final disposition.
- When records are transferred to or maintained by La Cooperativa, a State or Federal awarding agency, the 3-year retention requirement is not applicable to the subrecipient or subcontractor.

## **Indirect Cost Rate Proposals and Cost Allocations Plans**

Retention of supporting records for indirect cost rate computations or proposals, cost allocation plans, and any similar accounting computations of the rate at which a particular group of costs is chargeable (such as computer usage chargeback rates or composite fringe benefit rates) is as follows.

- If the proposal, plan, or other computation is required to be submitted to the Federal government or La Cooperativa to form the basis for negotiation of the rate, then the 3-year retention period for its supporting records starts from the date of such submission.

- If the proposal, plan, or other computation is not required to be submitted to the Federal government or La Cooperativa for negotiation purposes, then the 3-year retention period for the proposal, plan, or computation and its supporting records starts from the end of the fiscal year (or other accounting period) covered by the proposal, plan, or other computation.

### **Participant Data**

Subrecipients and contractors shall maintain for a period of not less than three years from the close of the applicable program year: applicant; eligible applicant; employee; and applicant for employment records. In addition, individual application records must also be retained until all monitoring reviews or audits of the program year in which the individual applied have been completed and finally resolved.

Records regarding complaints and actions taken under Equal Employment Opportunity requirements shall be maintained for a period of not less than five years from the date of resolution of the complaint.

### **Property**

Records for nonexpendable property shall be retained for a period of three years after final disposition, replacement or transfer of such of the property.

### **Access to Records**

The Federal awarding agency, Inspectors General, the Comptroller General of the United States, the State of California and La Cooperativa, or any of their authorized representatives, must have the right of access to any documents, papers, or other records of the non-Federal entity which are pertinent to the Federal award, in order to make audits, examinations, excerpts, and transcripts. The right also includes timely and reasonable access to the subrecipient/subcontractor's personnel for the purpose of interview and discussion related to such documents.

The rights of access are not limited to the required retention period but last as long as the records are retained.

Subrecipients must make their auditor aware that the Uniform Guidance requires the retention of audit documentation and reports for a minimum of three years after the date of issuance of the auditor's report(s) to the auditee, unless the auditor is notified in writing by the cognizant agency for audit, oversight agency for audit, cognizant agency for indirect costs, a State funding source or La Cooperativa to extend the retention period. The subrecipient must further ensure that when the auditor is aware that the Federal agency, a State funding source, La Cooperativa, or auditee is contesting an audit finding, the auditor must contact the parties contesting the audit finding for guidance prior to destruction of the audit documentation and reports.

Audit documentation must be made available upon request to the cognizant or oversight agency for audit or its designee, cognizant agency for indirect cost, a Federal agency, a State funding source, La Cooperativa, or GAO at the completion of the audit, as part of a quality review, to resolve audit findings, or to carry out oversight responsibilities consistent with the Uniform Guidance related to audit. Access to audit documentation includes the right of awarding agencies to obtain copies of audit documentation, as is reasonable and necessary.

### **Transfer of Records**

In the event of a termination for cause with a subrecipient or contractor, and there is a concern regarding access to records for final closure of a program, La Cooperativa shall take possession of all records until all issues are resolved.

### **Disposal**

Following any applicable retention period, any records which are confidential in nature, including participant records, must be burned, shredded, or similarly destroyed. Non-confidential records may be discarded.

As noted above, if there is any outstanding litigation or audit claim begun on records prior to termination of retention, the records must be retained until resolution of litigation or audit claim.

### **ACTION:**

La Cooperativa and its subrecipients and contractors shall follow this policy. This policy shall remain in effect until such time that a revision is required.

### **INQUIRIES:**

If you have any questions regarding this Directive, please contact Fernando Gonzalez at (916) 388-2225 or e-mail at [fgonzalez@lacooperativa.org](mailto:fgonzalez@lacooperativa.org) .

  
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