5. Financial Management

Financial Management is the function of caring for the financial resources and obligations of a government agency. Most of the records covered by this schedule fall under the State Governmental Accountability and Internal Control Act (G.S. § 143), which requires state agencies to maintain internal control documentation and make it available upon request for examination by the State Controller and the State Auditor.

NOTE: For payroll records, see HUMAN RESOURCES. For delegations of authority, see LEGAL.

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An index for the entire functional schedule is available on the functional schedule documents page at https://archives.ncdcr.gov/documents/functional-schedule-state-agencies.

Few Financial Management records have archival value, and many have relatively short retention periods ranging from 3 to 6 years. The retention periods for many of these records are triggered by either the close of the fiscal year or the conclusion of an event such as the final disbursement of funds or submission of a final report; for this reason, it is best to organize Financial Management records chronologically according to the trigger events.

Some record types have relatively short-term administrative value. For example, performance reports on investments (RC No. 543) should be destroyed in office when their reference value ends. For the sake of consistency, each agency or office should determine and document the period of time that these records hold value. Other records have long-term historical value. These record types, such as final reports and deliverables from grants issued by the agency (RC No. 533), should be transferred to the State Archives of North Carolina as indicated by the disposition instructions.

Note that some records within Financial Management include taxpayer information or student information that is confidential and should be carefully protected to be in compliance with G.S. § 132-1.10 and 20 USC § 1232g (FERPA).

These functional schedules apply to records in all media, unless otherwise specified. The State Archives of North Carolina recommends that agencies develop a file plan that documents the owners of record copies, internal definitions of reference value, and record formats. Information about the NC Public Records Act, confidentiality, destructions, audits and litigation actions, and electronic records can be found in the overview to the functional scheduling initiative. (These documents are available on the state agency records management documents page at https://archives.ncdcr.gov/documents/state-agency-rm.) A key for the functional schedule along with definitions of important records management terms can be found in the glossary to this schedule.

5.1 Accounting

DEFINED: Activities related to collecting, recording, classifying, summarizing, and maintaining transactional records.

SEE ALSO: Delegation of authority records are under LEGAL. Financial audits are under MONITORING AND COMPLIANCE. Official financial summary reports such as the Comprehensive Annual Financial Report (CAFR) are under PUBLIC RELATIONS.

NOTES: These records include monies allocated by the General Assembly and disbursed through the State Treasurer as well as those obtained from other sources and maintained outside of the State Treasurer's office. In cases where one agency is responsible for creating and distributing reports to other agencies, the creating agency is responsible for the disposition instructions indicated below; agencies in receipt of these reports have reference copies that may be destroyed when their reference value ends. The Office of the State Controller is the records custodian of the North Carolina Accounting System (NCAS). Financial reports include those generated from NCAS as well as any other system.

RC No.	Record Types	Description	Disposition Instructions	Citation
511.3	Accounts Payable	records concerning the status of accounts in which the agency owes money to firms or individuals; includes invoices, receipts or bills of sale, check registers, and subsidiary registers; also includes stop payment notices	RETAIN UNTIL: Fiscal year close PLUS: 3 years THEN: Destroy*	Retention NC OSC Policy 900.8
511.5		records concerning amounts paid to individuals as allowances or reimbursements for travel or other business expenses	RETAIN UNTIL: Fiscal year close PLUS: 5 years THEN: Destroy*	Retention 04 NCAC 24D .0501(a)
512.3	Accounts Receivable	records concerning receivables owed and collected; includes billing statements, records of payment received, remittances, subsidiary registers, overpayment or refund records, deposits, fines and fees assessed, and collection of past due accounts	RETAIN UNTIL: Fiscal year close PLUS: 3 years THEN: Destroy*	Retention NC OSC Policy 900.8

* No destruction of records may take place if audits or litigation are pending or reasonably anticipated.
∞ See appendix for list of item numbers for records that should transfer to the State Archives.
Ω See appendix for list of item numbers for records that are temporarily stored at the State Records Center prior to destruction.

RC No.	Record Types	Description	Disposition Instructions	Citation
513.3	Accounts Uncollectable	records of accounts deemed uncollectable; includes returned checks, write-off authorizations, and other related records	RETAIN UNTIL: Determined uncollectable Agency Policy: _____ PLUS: 3 years THEN: Destroy*	Retention NC OSC Policy 900.8
514.11	Disbursing Account Statements	statements created by the State Treasurer indicating monthly activity for each disbursing account	RETAIN UNTIL: Fiscal year close PLUS: 11 years THEN: Destroy*	Confidentiality G.S. § 132-1.2
514.3		records concerning the collection by the State Treasurer of forged state warrants	RETAIN UNTIL: Resolution PLUS: 3 years THEN: Destroy*	Authority 20 NCAC 01C .0402 Confidentiality G.S. § 132-1.2
514.2		source documents received by the State Treasurer for Federal Reserve Bank transactions, including warrants (State checks) and deposit transactions	RETAIN UNTIL: Received PLUS: 2 years THEN: Destroy*	Confidentiality G.S. § 132-1.2 G.S. § 147-68.2
515.S	Electronic Funds Transfers (EFT)	includes forms authorizing electronic transfer of monies via wire transfer or automated clearing house (ACH); includes direct deposit forms and ACH bank reports	RETAIN UNTIL: Superseded/Obsolete THEN: Destroy*	Confidentiality G.S. § 132-1.2
516.10[1]	Escheats (continued on following page)	holder reports filed with the State Treasurer concerning escheated funds reverting to the State of North Carolina and documentation of tracking, management, and disposal of tangible property	RETAIN UNTIL: Filed or created PLUS: 10 years THEN: Destroy*	

* No destruction of records may take place if audits or litigation are pending or reasonably anticipated.
∞ See appendix for list of item numbers for records that should transfer to the State Archives.
Ω See appendix for list of item numbers for records that are temporarily stored at the State Records Center prior to destruction.

RC No.	Record Types	Description	Disposition Instructions	Citation
516.10$_2$	Escheats (cont.)	records containing information required to be included in holder reports submitted to the State Treasurer before July 16, 2012 *NOTE: These records must be maintained by the holder.*	RETAIN UNTIL: Report filed PLUS: 10 years THEN: Destroy*	Retention N.C. Session Law 1999-460, s. 6 (amended by Sess. Law 2012-187, s. 9)
516.5$_1$		records concerning claim inquiries filed with the State Treasurer; includes forms and other related records regarding the payment or denial of escheated funds	RETAIN UNTIL: Claim filed PLUS: 5 years THEN: Destroy*	
516.5$_2$		records containing information required to be included in holder reports submitted to the State Treasurer on or after July 16, 2012 *NOTE: These records must be maintained by the holder.*	RETAIN UNTIL: Report filed PLUS: 5 years THEN: Destroy*	Retention G.S. § 116B-73
517.S	Fee Schedules SEE ALSO: Accounts Receivable (above)	records concerning rates and fees of agency services and assessments; also includes rates for fines and penalties	RETAIN UNTIL: Superseded/Obsolete THEN: Destroy	
518.3	Financial Reports SEE ALSO: Official Publications (PUBLIC RELATIONS)	annual financial reports or other reports generated to inform decision-making	RETAIN UNTIL: Fiscal year close PLUS: 3 years THEN: Destroy	
518.1		monthly or quarterly reports generated for operational purposes	RETAIN UNTIL: Fiscal year close PLUS: 1 year THEN: Destroy	
		payment histories reported by the Housing Finance Agency to credit bureaus	RETAIN UNTIL: Fiscal year close PLUS: 1 year THEN: Destroy	
518.<$_1$	(continued on following page)	daily or periodic reports generated from the North Carolina Accounting System (NCAS) by the Office of the State Controller for operational purposes	RETAIN UNTIL: Complete PLUS: 30 days THEN: Destroy	

* No destruction of records may take place if audits or litigation are pending or reasonably anticipated.
∞ See appendix for list of item numbers for records that should transfer to the State Archives.
Ω See appendix for list of item numbers for records that are temporarily stored at the State Records Center prior to destruction.

RC No.	Record Types	Description	Disposition Instructions	Citation
518.<₂	Financial Reports (cont.)	logs and distribution reports generated to track transactions	RETAIN UNTIL: Released from audits THEN: Destroy	
519.3	Journals and Ledgers	year-end summaries of receipts and disbursements not in the North Carolina Accounting System (NCAS); includes profit and loss statements	RETAIN UNTIL: Fiscal year close PLUS: 3 years THEN: Destroy*	
519.1		daily, monthly, and quarterly details of receipts, collections, and disbursements not in NCAS	RETAIN UNTIL: Fiscal year close PLUS: 1 year THEN: Destroy*	
519.6		general and detail records of transactions in NCAS maintained by the Office of the State Controller	RETAIN UNTIL: Fiscal year close PLUS: 6 years THEN: Destroy*	
5110.<	Payment Card Data	records created in association with payment card transactions entered by third parties for the purchase of goods or services from the agency	RETAIN UNTIL: Processed THEN: Destroy	
5111.3	Reconciliations	bank statements, canceled checks, deposit slips, and reconciliation reports	RETAIN UNTIL: Fiscal year close PLUS: 3 years THEN: Destroy*	
5111.<		physical checks or other financial instruments received by the agency and deposited electronically	RETAIN UNTIL: Deposited PLUS: 30 days THEN: Destroy*	
5112.5	Travel Requests	financial records regarding agency travel; includes documentation of advance payments and reimbursements	RETAIN UNTIL: Complete PLUS: 5 years THEN: Destroy*	Retention 04 NCAC 24D .0501(a)
5112.1		requests and authorizations for travel; includes forms and itineraries	RETAIN UNTIL: Complete PLUS: 1 year THEN: Destroy	

* No destruction of records may take place if audits or litigation are pending or reasonably anticipated.
∞ See appendix for list of item numbers for records that should transfer to the State Archives.
Ω See appendix for list of item numbers for records that are temporarily stored at the State Records Center prior to destruction.

5.2 Budgeting

DEFINED: Activities related to allocating funds and planning for the use of expected income over a specified period.

NOTE: In cases where one agency is responsible for creating and distributing records to other agencies, the creating agency is responsible for the disposition instructions indicated below; agencies in receipt of this information have reference copies that may be destroyed when their reference value ends.

RC No.	Record Types	Description	Disposition Instructions	Citation
521.3	Budget Development Records	budget requests and appropriations; includes justifications and requests for revisions	RETAIN UNTIL: Fiscal year close PLUS: 3 years Then: Destroy*	
521.2		administrative budget records; includes research, correspondence, and other related records	RETAIN UNTIL: Fiscal year close PLUS: 2 years THEN: Destroy*	
521.35		budget certifications prepared and approved by the Office of State Budget and Management (OSBM)	RETAIN UNTIL: Fiscal year close PLUS: 35 years Ω THEN: Destroy*	
522.1	Budget Execution and Tracking Records	periodic reports (weekly, monthly, quarterly) detailing actual year-to-date revenue and expenditures	RETAIN UNTIL: Fiscal year close PLUS: 1 year THEN: Destroy*	
522.<		authorizations to move funds between budget codes	RETAIN UNTIL: Released from audits THEN: Destroy*	
		budget reports generated from the North Carolina Accounting System (NCAS) by the Office of the State Controller	RETAIN UNTIL: Released from audits THEN: Destroy*	
522.A	(continued on following page)	annual June 30th report from the Office of State Budget and Management (OSBM) detailing actual fiscal-year-end revenue and expenditures	PERMANENT (archival) ∞	

* No destruction of records may take place if audits or litigation are pending or reasonably anticipated.
∞ See appendix for list of item numbers for records that should transfer to the State Archives.
Ω See appendix for list of item numbers for records that are temporarily stored at the State Records Center prior to destruction.

RC No.	Record Types	Description	Disposition Instructions	Citation
522.13	Budget Execution and Tracking Records (cont.)	budget allotments issued by OSBM	RETAIN UNTIL: Fiscal year close PLUS: 13 years Ω THEN: Destroy*	
522.7		budget revisions issued by OSBM	RETAIN UNTIL: Fiscal year close PLUS: 7 years Ω THEN: Destroy*	
523.3	Budget Memos SEE ALSO: Archival Correspondence (AGENCY MANAGEMENT) for directives regarding the state budget issued by the director of the Office of State Budget and Management	directives regarding the state budget issued by any governing body that are not captured in the official minutes	RETAIN UNTIL: Fiscal year close PLUS: 3 years THEN: Destroy	
524.3	Budgetary Control Document Entries	forms used by the Office of the State Controller to enter data into the North Carolina Accounting System (NCAS)	RETAIN UNTIL: Fiscal year close PLUS: 3 years THEN: Destroy*	

* No destruction of records may take place if audits or litigation are pending or reasonably anticipated.
∞ See appendix for list of item numbers for records that should transfer to the State Archives.
Ω See appendix for list of item numbers for records that are temporarily stored at the State Records Center prior to destruction.

5.3 Grants Management

DEFINED: Activities related to the administration of grants received by or awarded by state agencies including the re-granting of Federal monies (i.e., pass-through grants).

NOTES: Some record types are replicated here because grant records have specific retention requirements, usually stipulated by the funder. For instance, according to 2 CFR 200.333(c), records for real property and equipment acquired with Federal funds must be retained for 3 years after final disposition of the property/equipment. If there is a discrepancy between the retention period listed here and that required by the funder, abide by the more restrictive requirement. All grants managed by the Department of Health and Human Services must receive clearance from the DHHS Office of the Controller before documentation may be purged. ***In any case where the retention requirement of the funder is longer than the disposition indicated here, records custodians must abide by the stricter requirement.***

RC No.	Record Types	Description	Disposition Instructions	Citation
531.1	Denied Applications	records relating to grant applications that are denied by the agency and to unsuccessful grant applications submitted by the agency; includes applications, evaluations, and correspondence	RETAIN UNTIL: Complete PLUS: 1 year THEN: Destroy*	
532.5	Grants Administered by Agency	records relating to state pass-through grants administered by the agency; includes applications, evaluations, grant monitoring, modifications and amendment request, progress reports, correspondence, and other related records	RETAIN UNTIL: Submission of final report PLUS: 5 years Ω THEN: Destroy*	Authority/Retention 09 NCAC 03M .0703
532.3	(continued on following page)	records relating to Federal pass-through grants administered by the agency; includes applications, evaluations, grant monitoring, modifications and amendment request, progress reports, correspondence, and other related records	RETAIN UNTIL: Submission of final report PLUS: 3 years Ω THEN: Destroy*	Retention 2 CFR 200.333

* No destruction of records may take place if audits or litigation are pending or reasonably anticipated.
∞ See appendix for list of item numbers for records that should transfer to the State Archives.
Ω See appendix for list of item numbers for records that are temporarily stored at the State Records Center prior to destruction.

RC No.	Record Types	Description	Disposition Instructions	Citation
532.10	Grants Administered by Agency (cont.)	records relating to disbursement of funds from the Centers for Medicare & Medicaid Services (CMS); also includes financial records, rate sheets, invoices for payment, utilization data, and other related records	RETAIN UNTIL: Inactive or submission of final report PLUS: 10 years Ω THEN: Destroy*	Retention 42 CFR 422.504(d) DHHS Office of the Controller memorandum (April 20, 2016)
533.5	Grants Issued by Agency	records relating to grants issued by the agency using state appropriations or other agency funds; includes applications, evaluations, grant monitoring, modifications and amendment requests, progress reports, correspondence, and other related records	RETAIN UNTIL: Submission of final report PLUS: 5 years Ω THEN: Destroy*	Authority/Retention 09 NCAC 03M .0703
533.A		final reports and deliverables or other documentation of the distribution of funds	PERMANENT (archival) ∞	
534.5	Grants Program Administration	records relating to the agency's oversight of grant funding; includes fiscal and allocation reports, audit reports, correspondence, and other related records	RETAIN UNTIL: Submission of final report PLUS: 5 years THEN: Destroy*	Authority/Retention 09 NCAC 03M .0703
535.P	Grants Received by Agency	records relating to major grants received by the agency that begin new initiatives or promote core functions of the agency	PERMANENT (appraisal required) ∞	
535.5	(continued on following page)	records relating to routine state or non-governmental grants received by the agency; includes applications, notifications, periodic reports, time and effort (cost-sharing) reports, modification requests, correspondence, and other related records	RETAIN UNTIL: Submission of final report PLUS: 5 years THEN: Destroy*	Authority/Retention 09 NCAC 03M .0703

* No destruction of records may take place if audits or litigation are pending or reasonably anticipated.
∞ See appendix for list of item numbers for records that should transfer to the State Archives.
Ω See appendix for list of item numbers for records that are temporarily stored at the State Records Center prior to destruction.

RC No.	Record Types	Description	Disposition Instructions	Citation
535.3	Grants Received by Agency (cont.)	records relating to routine Federal grants received by the agency; includes applications, notifications, periodic reports, time and effort (cost-sharing) reports, modification requests, correspondence, and other related records	RETAIN UNTIL: Submission of final report PLUS: 3 years THEN: Destroy*	Retention 2 CFR 200.333

* No destruction of records may take place if audits or litigation are pending or reasonably anticipated.
∞ See appendix for list of item numbers for records that should transfer to the State Archives.
Ω See appendix for list of item numbers for records that are temporarily stored at the State Records Center prior to destruction.

5.4 Investment Management

DEFINED: Activities related to the efficient and economical oversight of agency investments and debts.

SEE ALSO: Financial audit records are under MONITORING AND COMPLIANCE.

RC No.	Record Types	Description	Disposition Instructions	Citation
541.S	Banking Records	records concerning designation of depository banks, savings and loan associations, or trust companies and related maintenance of the accounts	RETAIN UNTIL: Superseded/Obsolete THEN: Destroy	
541.A		records concerning special funds maintained by the Department of the State Treasurer; includes disbursements and receipts	PERMANENT (archival) ∞	
542.P	Bond Records	records concerning the sale of bonds issued by the State	PERMANENT (appraisal required) ∞	
542.3$_1$		vouchers, disbursements, payables of Certificates of Participation, and other records related to creditors	RETAIN UNTIL: Final maturity PLUS: 3 years THEN: Destroy*	
542.3$_2$		records concerning bond funds administered by the agency	RETAIN UNTIL: Final maturity PLUS: 3 years THEN: Destroy*	
542.6		records concerning expenditure and/or investment of bond proceeds	RETAIN UNTIL: Final maturity PLUS: 6 years THEN: Destroy*	
543.3$_1$	Investment Records (continued on following page)	records concerning investment transactions, contributions, and distributions; includes trade tickets and broker confirmations and correspondence, exchange or consent instructions, investment strategy documents, and other due diligence materials	RETAIN UNTIL: Fiscal year end PLUS: 3 years THEN: Destroy*	

* No destruction of records may take place if audits or litigation are pending or reasonably anticipated.
∞ See appendix for list of item numbers for records that should transfer to the State Archives.
Ω See appendix for list of item numbers for records that are temporarily stored at the State Records Center prior to destruction.

RC No.	Record Types	Description	Disposition Instructions	Citation
543.3₂	Investment Records (cont.)	records concerning investments with commercial banks; includes certificates of deposit as well as escrow collateral records	RETAIN UNTIL: Maturity PLUS: 3 years THEN: Destroy*	
543.2		transaction schedules for projecting revenue on investments to be funded or collected	RETAIN UNTIL: Fiscal year end PLUS: 2 years THEN: Destroy*	
543.R		performance investment reports issued by broker or investment firm and other related performance review records	RETAIN UNTIL: Reference value ends THEN: Destroy* Agency Policy: _____	

* No destruction of records may take place if audits or litigation are pending or reasonably anticipated.
∞ See appendix for list of item numbers for records that should transfer to the State Archives.
Ω See appendix for list of item numbers for records that are temporarily stored at the State Records Center prior to destruction.

5.5 Lending

DEFINED: Activities related to the administration of loans, including housing and business loans along with State student financial assistance in the form of scholarships or forgivable loans.

NOTE: Mortgagees such as the North Carolina Housing Finance Agency may have additional records requirements imposed by the Federal Department of Housing and Urban Development and the Federal Housing Administration. The records of the State Education Assistance Authority (SEAA) are scheduled on the General Records Retention and Disposition Schedule of the University of North Carolina at Chapel Hill and the University of North Carolina System Office.

RC No.	Record Types	Description	Disposition Instructions	Citation
551.5	Awarded Scholarships	records documenting the awarding of renewable scholarships; includes applications, award letters, conditions and stipulations, agreements and contracts, disbursement statements, progress reports, and other related records	RETAIN UNTIL: Fiscal year close PLUS: 5 years THEN: Destroy*	Confidentiality 20 USC § 1232g
551.3$_1$		records documenting the awarding of one-time scholarships; includes applications, award letters, conditions and stipulations, agreements and contracts, disbursement statements, and other related records	RETAIN UNTIL: Fiscal year close PLUS: 3 years THEN: Destroy*	
551.3$_2$		records documenting the awarding of forgivable loans to qualified service professionals; includes applications, award letters, conditions and stipulations, agreements and contracts, disbursement statements, progress reports, and other related records	RETAIN UNTIL: Satisfaction of obligation PLUS: 3 years THEN: Destroy*	

* No destruction of records may take place if audits or litigation are pending or reasonably anticipated.
∞ See appendix for list of item numbers for records that should transfer to the State Archives.
Ω See appendix for list of item numbers for records that are temporarily stored at the State Records Center prior to destruction.

RC No.	Record Types	Description	Disposition Instructions	Citation
552.1	Evaluations	records relating to decisions regarding loan and scholarship applications; includes evaluations, correspondence, and other related records	RETAIN UNTIL: Notification of applicant PLUS: 1 year THEN: Destroy*	
553.7	Loan Records	records concerning loans granted by the agency; includes documentation of intent to proceed, loan agreements, promissory notes, letters of credit, statements, notices of principal and interest due, monitoring of wages, and other related records	RETAIN UNTIL: Satisfaction of obligation PLUS: 7 years THEN: Destroy*	Retention Federal Housing Administration Policy
553.5$_1$		disclosure statement prepared by the Federal Financial Institutions Examination Council	RETAIN UNTIL: Complete PLUS: 5 years THEN: Destroy*	Retention 12 CFR 1003.5(d)
553.5$_2$		records concerning loans received by the agency; includes documentation of intent to proceed, loan agreements, promissory notes, letters of credit, statements, notices of principal and interest due, and other related records	RETAIN UNTIL: Satisfaction or cancellation PLUS: 5 years THEN: Destroy*	
553.3		loan/application register	RETAIN UNTIL: Notification of applicant PLUS: 3 years THEN: Destroy*	Authority 12 CFR 1003.4 Retention 12 CFR 1003.5(d)
553.2+		loan applications	RETAIN UNTIL: Notification of applicant PLUS: 25 months THEN: Destroy*	Retention 12 CFR 1002.12

* No destruction of records may take place if audits or litigation are pending or reasonably anticipated.
∞ See appendix for list of item numbers for records that should transfer to the State Archives.
Ω See appendix for list of item numbers for records that are temporarily stored at the State Records Center prior to destruction.

RC No.	Record Types	Description	Disposition Instructions	Citation
554.1	Rejected Loan and Scholarship Records	records concerning applications that are denied by the agency or awards that are declined by the recipient	RETAIN UNTIL: Notification of applicant PLUS: 1 year THEN: Destroy*	Confidentiality 20 USC § 1232g

* No destruction of records may take place if audits or litigation are pending or reasonably anticipated.
∞ See appendix for list of item numbers for records that should transfer to the State Archives.
Ω See appendix for list of item numbers for records that are temporarily stored at the State Records Center prior to destruction.

5.6 Procurement

DEFINED: Activities related to obtaining goods, equipment, services, and other assets.

SEE ALSO: Inventories and other such records are under ASSET MANAGEMENT. Vendor records from Historically Underutilized Businesses are under ECONOMIC DEVELOPMENT. Personnel documents are under HUMAN RESOURCES. Contracts and delegation records are under LEGAL.

RC No.	Record Types	Description	Disposition Instructions	Citation
561.5	Bids and Proposals (including Invitation for Bids [IFB], Request for Proposal [RFP], and Request for Quote [RFQ])	records documenting accepted bids/ proposals/quotes to supply the agency with goods or services	RETAIN UNTIL: Termination or expiration of contract PLUS: 5 years Ω THEN: Destroy*	Confidentiality G.S. § 132-1.10 G.S. § 136-28.5 01 NCAC 05B .0103 Retention 01 NCAC 05B .1901
561.1		records concerning rejected bids and proposals to provide the agency with goods or services; also includes unopened bids	RETAIN UNTIL: Received PLUS: 1 year THEN: Destroy*	
561.R		notices, evaluations, and other related records	RETAIN UNTIL: Reference value ends THEN: Destroy* Agency Policy: _____	
562.5	Purchase Orders and Vouchers	authorizations and other documents concerning purchased goods or services; also includes procurement card authorization logs	RETAIN UNTIL: Complete PLUS: 5 years THEN: Destroy*	Retention 01 NCAC 05B .1901
563.3	Qualified Products Lists (QPL)	records identifying products approved for purchase under State contract	RETAIN UNTIL: Superseded/Obsolete PLUS: 3 years THEN: Destroy*	
564.1	Requisitions	requests to acquire goods or services	RETAIN UNTIL: Complete PLUS: 1 year THEN: Destroy*	

* No destruction of records may take place if audits or litigation are pending or reasonably anticipated.
∞ See appendix for list of item numbers for records that should transfer to the State Archives.
Ω See appendix for list of item numbers for records that are temporarily stored at the State Records Center prior to destruction.

RC No.	Record Types	Description	Disposition Instructions	Citation
565.S	Vendor Records SEE ALSO: Historically Underutilized Businesses (HUB) Records (ECONOMIC DEVELOPMENT)	records identifying vendors approved to conduct business with state agencies; also includes list of vendors debarred from doing business with State agencies	RETAIN UNTIL: Superseded/Obsolete THEN: Destroy	

* No destruction of records may take place if audits or litigation are pending or reasonably anticipated.
∞ See appendix for list of item numbers for records that should transfer to the State Archives.
Ω See appendix for list of item numbers for records that are temporarily stored at the State Records Center prior to destruction.

5.7 Tax Management

DEFINED: Activities related to the assessment, payment, and collection of taxes.

SEE ALSO: Audits and investigations of taxpayers are under MONITORING AND COMPLIANCE. Tax withholding records for agency personnel are under HUMAN RESOURCES. Records documenting federal tax credits available to employers for hiring individuals from certain target groups are under PUBLIC ASSISTANCE AND SUPPORT SERVICES.

RC No.	Record Types	Description	Disposition Instructions	Citation
571.S	Assessments and Valuations SEE ALSO: Fee Schedules (above)	records concerning the assessment of tax value or appraisal of assets	RETAIN UNTIL: Superseded/Obsolete THEN: Destroy	
572.3	Delinquent Taxpayer Records SEE ALSO: Garnishments (HUMAN RESOURCES)	records concerning the levying of garnishments by the Department of Revenue; includes notices, correspondence, and other related records	RETAIN UNTIL: Termination of deduction PLUS: 3 years THEN: Destroy*	Confidentiality G.S. § 105-113.112 G.S. § 105-259(b)
572.S		public listings of delinquent taxpayers by the Department of Revenue	RETAIN UNTIL: Superseded/Obsolete THEN: Destroy	
572.3		remaining records held by the Department of Revenue related to delinquent taxpayers	RETAIN UNTIL: Paid PLUS: 3 years THEN: Destroy*	Confidentiality G.S. § 105-113.112 G.S. § 105-259(b)
573.2	Seizure of Property Records	records concerning the seizure and sale of property by the Department of Revenue	RETAIN UNTIL: Paid PLUS: 2 years THEN: Destroy*	Authority G.S. § 105-242(a)(2)
574.6	Tax Credit Authorizations SEE ALSO: Employer Workforce Records, Eye Disability Reports (PUBLIC ASSISTANCE AND SUPPORT SERVICES)	records concerning the allocation of tax credits; includes applications, evaluations, correspondence, and other related records	RETAIN UNTIL: Expiration PLUS: 6 years THEN: Destroy*	

* No destruction of records may take place if audits or litigation are pending or reasonably anticipated.
∞ See appendix for list of item numbers for records that should transfer to the State Archives.
Ω See appendix for list of item numbers for records that are temporarily stored at the State Records Center prior to destruction.

RC No.	Record Types	Description	Disposition Instructions	Citation
575.5	Tax Forms	tax information returns generated by the agency (e.g., 1098, 1099, W-2, W-3) to be reported to the Internal Revenue Service and furnished to the other party to the transaction	RETAIN UNTIL: Submitted to taxpayer and/or IRS PLUS: 5 years THEN: Destroy*	Confidentiality G.S. § 132-1.10 Retention 04 NCAC 24D .0501(a) IRS Publication 15
576.6$_1$	Tax Returns	tax returns filed by the agency	RETAIN UNTIL: Filed PLUS: 6 years THEN: Destroy*	
576.6$_2$		tax returns received by the Department of Revenue; includes claims, exemptions, payment plans, refunds, and other related records	RETAIN UNTIL: Filed PLUS: 6 years THEN: Destroy*	Confidentiality G.S. § 105-113.112 G.S. § 105-259(b)
576.2		certified tax records provided by the Department of Revenue; includes correspondence, completed powers of attorney and declarations of representative forms, and other related records	RETAIN UNTIL: Complete PLUS: 2 years THEN: Destroy*	
576.<		taxpayer correspondence received and acted upon internally and with response by the Department of Revenue that is not subject to Executive Order No. 12 (2013)	RETAIN UNTIL: Complete PLUS: 30 days THEN: Destroy*	

* No destruction of records may take place if audits or litigation are pending or reasonably anticipated.
∞ See appendix for list of item numbers for records that should transfer to the State Archives.
Ω See appendix for list of item numbers for records that are temporarily stored at the State Records Center prior to destruction.

Records That Will Transfer to the State Records Center

521.35 Budget Certifications: Transfer to the State Records Center after 2 biennia. Records will be held for agency 31 additional years and then destroyed.

Agency	Series Title	Item Number
Office of State Budget and Management	Budget Certifications (Forms) File	1532

522.A Fiscal-Year-End Reports: Transfer to the State Records Center after 3 years (and conclusion of all audits) for immediate transfer to the custody of the Archives.

Agency	Series Title	Item Number
Office of State Budget and Management	Monthly Reports on the Budget File	1527

522.13 Budget Allotments: Transfer to the State Records Center after 3 years. Records will be held for agency 10 additional years and then destroyed.

Agency	Series Title	Item Number
Office of State Budget and Management	Allotments File	38146

522.7 Budget Revisions: Transfer to the State Records Center after 2 years. Records will be held for agency 5 additional years and then destroyed.

Agency	Series Title	Item Number
Office of State Budget and Management	Appropriations (Budget Revisions) File	1530

The RC No. listed beside each Record Type is found on the functional schedule; the Item Number is a tracking number that is used only for records that are stored at the State Records Center.

Indicates records are electronic and will transfer immediately to the custody of the State Archives

532.5 State Grants Administered by Agency: Transfer records to the State Records Center 2 years after grant is closed. Records will be held for agency 3 additional years and then destroyed.

Agency	Series Title	Item Number
Department of Commerce	Grant Records Transferred from N.C. Rural Center File	50590
Department of Public Safety	Individual Assistance Unit Individual Disaster Applicants File	36571
	Public Assistance Disaster Infrastructure Disaster Applicants File	9848

532.3 Federal Grants Administered by Agency: Transfer records to the State Records Center 1 year after project is closed if no litigation, claim, audit, or other official action involving the records has been initiated. If official action has been initiated, transfer to State Records Center after completion of action and resolution of issues involved. Paper records will be held for agency 3 additional years after official notification of program year closeout from the United States Department of Housing and Urban Development and then destroyed.

Agency	Series Title	Item Number
Department of Commerce	Rural Economic Development Community Development Block Grant (CDBG) Grantees File	17719

532.10 CMS Funding Records: Transfer to the State Records Center 2 years after designated inactive. Records will be held for agency 8 additional years and then destroyed.

Agency	Series Title	Item Number
Department of Health and Human Services	Environmental Inorganic Chemistry – Fluoride Reports File	1837
	Environmental Inorganic Chemistry (Raw Data) File	27420
	Hospital Providers Audits File	48424
	Long-Term Care (Skilled Nursing and Intermediate Care) Cost Reports File	1872
	Purchase of Medical Care Services Medical Cases File	1775

533.5 Grants Issued by Agency: Transfer records to the State Records Center 2 years after submission of final report. Records will be held for agency 3 additional years and then destroyed.

Agency	Series Title	Item Number
Department of Natural and Cultural Resources	North Carolina Arts Council Division Grants File	841

533.A Final Reports and Deliverables from Grants Issued by Agency: For awards subject to a recapture period, transfer final reports and deliverables to the State Records Center 3 years after conclusion of the recapture period. For all other awards, transfer final reports and deliverables to the State Records Center 3 years after conclusion of agreement period. Records will transfer immediately to the custody of the Archives.

Agency	Series Title	Item Number
Department of Commerce	Commerce Finance Center Awarded State Grants File	386
	Expanded Gas Products Service to Agriculture Fund Grants File	50861
	Industrial Development Fund/Utility Account Awarded Grants File	47422
	Main Street Solutions Fund Awarded Grants File	49923
	N.C. Board of Science and Technology Approved Small Grants File	1698
	North Carolina Film and Entertainment Grants File	50863
	OneNC Grants File	50862
	Rural Economic Development Community Development Block Grant (CDBG) Compliance File	17728
	Rural Grants Programs Awarded Grants File	50591
Department of Health and Human Services	Housing and Homelessness Section State Emergency Solutions Grants	50286
Department of Natural and Cultural Resources	Clean Water Management Trust Fund Grants for Restoration, Stormwater, and Wastewater Projects File	49367
	North Carolina Arts Council State Grants Final Reports	48307
	State Historic Preservation Office Grants File	811
Department of Public Safety	Governor's Crime Commission Project File	721
Department of State Treasurer	Eliminating Health Disparities Initiative Project File	49817
	Tobacco Prevention and Cessation Initiatives Project File	49821
Department of Transportation	Powell Bill Eligibility File	3140

The RC No. listed beside each Record Type is found on the functional schedule; the Item Number is a tracking number that is used only for records that are stored at the State Records Center.

Indicates records are electronic and will transfer immediately to the custody of the State Archives

Golden Leaf Foundation	Program File	47707

535.P Final Reports and Deliverables from Grants Received by Agency: For awards subject to a recapture period, transfer final reports and deliverables to the State Records Center 3 years after conclusion of the recapture period. For all other awards, transfer final reports and deliverables to the State Records Center 3 years after conclusion of agreement period. Records will transfer immediately to the custody of the Archives.

Agency	Series Title	Item Number
Department of Natural and Cultural Resources	Division of Archives and Records Grants File	50872
Department of Public Safety	Division of Emergency Management Hazard Mitigation Grants File	36570
North Carolina Community College System	Curriculum Improvement Projects File	33729

541.A Banking Records: Transfer to the State Records Center after 15 years for immediate transfer to the custody of the Archives.

Agency	Series Title	Item Number
Department of State Treasurer	Special Funds Records File	31259

542.P Bond Records: Transfer to the State Records Center 5 years after date of completion for immediate transfer to the custody of the Archives.

Agency	Series Title	Item Number
Department of State Treasurer	Completed Bond and Note File	3219
	County and Municipal General Obligation (GO) Bonds Authorization and Issuance File	3471
	County Government Industrial Revenue Bond (IRB) and Special Purpose Bond Projects File	3215
	Districts, Authorities, Municipality and County Revenue Bonds File	16214
	NC Capital Facilities Finance Agency (NCCFFA) Bond File	31312
	NC State Government Bonds File	16346
	Results of Bonds Issued Book File	16364

The RC No. listed beside each Record Type is found on the functional schedule; the Item Number is a tracking number that is used only for records that are stored at the State Records Center.

Indicates records are electronic and will transfer immediately to the custody of the State Archives

561.5 Bids and Proposals: Transfer to the State Records Center after 3 years. Records will be held for agency 2 additional years and then destroyed.

Agency	Series Title	Item Number
North Carolina State Lottery Commission	Bids File	49716

Glossary

Audit

The Society of American Archivists *Glossary of Archival and Records Terminology* defines an audit as "an independent review and examination of records and activities to test for compliance with established policies or standards, often with recommendations for changes in controls or procedures."[1] The North Carolina Office of the State Auditor defines three types of audits that can be performed for state agencies[2]:

- Financial Statement Audits that "determine whether an agency's financial statements are fairly presented"
- Performance/Financial Related Audits that "provide independent and objective appraisals of agency management practices and operational results"
- Information Systems Audits that "evaluate risks relevant to information systems assets and assess controls in place to reduce or mitigate these risks"

Many state agencies also have an internal auditor's office that is responsible for assessing whether agency employees, units, and business operations are in compliance with applicable federal and state laws and regulations, as well as agency policies and procedures. Some agencies are also responsible for auditing work of external organizations, including consultants and subrecipients. Agencies in receipt of funding from outside sources may be subject to audits to verify the appropriate expenditure of these funds. Audits may be performed on a routine recurring basis; they also may be prompted by concerns reported to the State Auditor's Hotline.

Historical Value

The term historical value is used interchangeably with archival value. The Society of American Archivists *Glossary of Archival and Records Terminology* defines it as "the importance or usefulness of records that justifies their continued preservation because of the enduring administrative, legal, fiscal, or evidential information they contain."[3] Two criteria for determining historical value are inherent interest and extraordinary documentation:

- Inherent interest is created by non-routine events, by the involvement of famous parties, and by compelling contexts. For instance, foreclosure proceedings from the 1930s have high historical value because they date from the era of the Great Depression.
- Extraordinary documentation is found in records that shed light on political, public, or social history. For instance, the records from the replevin case that returned the Bill of Rights to North Carolina hold more historical value than most property case files because of the political history intertwined with this case.

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[1] Richard Pearce-Moses, *A Glossary of Archival and Records Terminology* (2005)
[2] https://www.ncauditor.net/pub42/TypesOfAudits.aspx
[3] *A Glossary of Archival and Records Terminology*

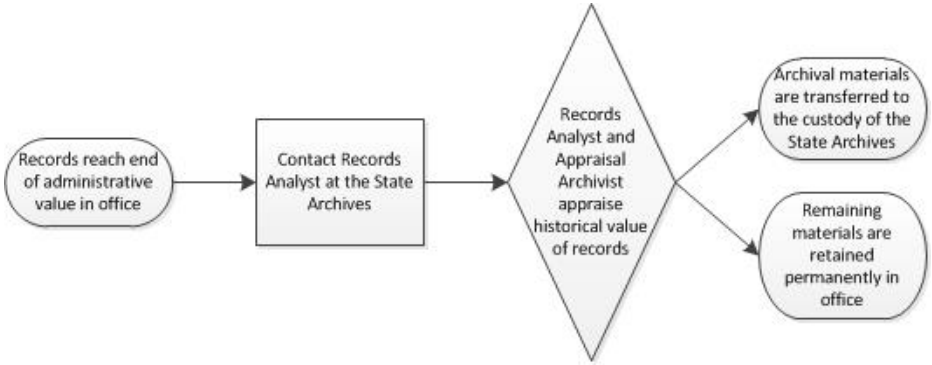
The State Archives of North Carolina (SANC) has further elaborated selection criteria that help distinguish records with archival value:

- Do they protect the rights and property of citizens?
- Do they have a long-term impact on citizens?
- Do they document the core functions of an agency?
- Do they document high-level decision-making that shapes an agency's policies or initiatives?
- Do they summarize an agency's activities?

Records with historical value are identified with one of three designations in the Disposition Instructions:

- PERMANENT: These records will be retained in office permanently.

- PERMANENT (appraisal required): When these records no longer have administrative value in office, the agency will contact the Government Records Section so the records can be appraised by a records analyst and an appraisal archivist. These individuals will determine whether the records should be retained in office permanently or transferred to the custody of the State Archives of North Carolina.



- PERMANENT (archival): These records will transfer to the State Records Center so they can be transferred to the custody of the State Archives of North Carolina.

Record Copy

A record copy is defined as "the single copy of a document, often the original, that is designated as the official copy for reference and preservation."[4] The record copy is the one whose retention and disposition is mandated by these functional schedules; all additional copies are considered reference or access copies and can be destroyed when their usefulness expires. In some cases, postings to social media may be unofficial copies of information that is captured elsewhere as a record copy (e.g., a press release about an upcoming agency event that is copied to various social media platforms). Appropriately retaining record copies and disposing of reference copies requires agencies to designate clearly what position or office is required to maintain an official record for the duration of its designated retention period. To facilitate this process, SANC has provided a sample file plan for agency use (available on the state agency records management page at

[4] Ibid.

https://archives.ncdcr.gov/documents/state-agency-rm). In identified cases where records overlap between state agencies, SANC has specified on the schedules which agency is considered the record owner.

Record Custody

The agency that creates or receives a record is the legal custodian of that record and responsibility for fulfilling any retention requirements and public records requests. If an agency transfers records to the State Records Center for temporary storage prior to destruction, those records remain in the legal custody of the originating agency. Any records requests must be authorized by the originating agency, and ultimate destruction must also be authorized by that agency. If an agency transfers archival records to the State Records Center, once those records have been accessioned by the State Archives, their legal custody transfers to the State Archives. From that point forward, all records requests should be channeled through the State Archives. In a few instances, records transfer to the State Records Center to be held in permanent security storage (indicated by a © on the functional schedule); in these cases, the records remain in the legal custody of the originating agency.

Reference Value

The disposition instruction to destroy in office when reference value ends is usually applied to records that were not created by the recipient. Reference files include materials that have no regulatory authority for the recipient and are received from outside the agency or from other units within the agency; subject files containing informational copies of records organized by areas of interest; and reference copies of records where another individual or agency is responsible for maintaining the record copy. The agency is given the discretion to determine how long these records should be retained before destruction, and this decision should be documented in a file plan or other policy so that all members of the agency can be consistent in their handling of these records.

Transitory Records

Transitory records are defined as "record[s] that [have] little or no documentary or evidential value and that need not be set aside for future use."[5] North Carolina has a broad definition of public records. However, the Department of Natural and Cultural Resources recognizes that some records may have little or no long-term documentary or evidential value to the creating agency. These records are often called "transitory records." They may be disposed of according to the guidance below. However, all public employees should be familiar with the *Functional Schedule for North Carolina State Agencies* and any other applicable guidelines for their office. If there is a required retention period for these records, that requirement must be followed. When in doubt about whether a record is transitory or whether it has special significance or importance, retain the record in question and seek guidance from the analyst assigned to your agency.

[5] Ibid.

Routing slips and transmittal sheets adding no information to that contained in the transmitted material have minimal value after the material has been successfully transmitted. These records may be destroyed or otherwise disposed of after receipt of the material has been confirmed. Similarly, "while you were out" slips, memory aids, and other records requesting follow-up actions (including voicemails and calendar invites) have minimal value once the official action these records are supporting has been completed and documented. These records may be destroyed or otherwise disposed of once the action has been resolved.

Drafts and working papers, including notes and calculations, are materials gathered or created to assist in the creation of another record. All drafts and working papers are public records subject to all provisions of General Statute § 132, but many of them have minimal value after the final version of the record has been approved and may be destroyed after final approval if they are no longer necessary to support the analysis or conclusions of the official record. Drafts and working documents that may be destroyed after final approval include:

- Drafts and working papers for internal and external policies
- Drafts and working papers for internal administrative reports, such as daily and monthly activity reports;
- Drafts and working papers for internal, non-policy-level documents, such as informal workflows and manuals; and
- Drafts and working papers for presentations, workshops, and other explanations of agency policy that is already formally documented.

Forms used solely to create, update, or modify records in an electronic medium may be destroyed in office after completion of data entry and after all verification and quality control procedures, as long as these records are not required for audit or legal purposes. However, if the forms contain any analog components that are necessary to validate the information contained on them (e.g., a signature or notary's seal), they should be retained according to the disposition instructions for the records series encompassing the forms' function.

Key

– symbol designating that records in this series may be confidential or may include confidential information

RC No. – a unique identifying number assigned to each record type for ease of reference

Function No.	Sub-function No.	Record Type No.	Retention Abbreviation
15	4	5	A

The example above indicates the numbering scheme for Speeches (1545.A):

- Public Relations is the 15th function
- Marketing and Publicity is the 4th sub-function under Public Relations
- Speeches are the 5th record type under Marketing and Publicity
- Retention abbreviations provide a quick method of identifying the retention requirement for a particular record:

A	transfer to the State Archives
P	retain in office permanently or contact the State Archives for appraisal
R	destroy in office when reference value ends *(NOTE: Agencies must establish internal policies to ensure consistency in retention and destructions.)*
S	destroy in office when superseded or obsolete
T	transfer completed record to another record series
<	retention period shorter than 1 year
	any numerical designation indicates the number of years the record should be retained

Record Types – groupings of records that are "created, received, or used in the same activity."[1]

Description – a description of the records, often including the types of records that can be frequently found in that series

Disposition Instructions – instructions dictating the length of time a series must be retained, and how the office should dispose of those records after that time (either by destruction or transfer to the State Archives). For any records that will transfer to the State Records

[1] Richard Pearce-Moses, *A Glossary of Archival and Records Terminology* (2005)

Center, either for temporary storage or for transfer to the State Archives, consult the Appendix for the item number that is necessary to track these records. ***Note***: No destruction of records may take place if litigation or audits are pending or reasonably anticipated.

This border on the right and left of the Description and Disposition Instruction cells indicates a record that belongs to a particular agency, as identified in the Description. If other agencies possess copies of this record, they are reference copies that can be discarded when their reference value ends.

Citation – a listing of references to statutes, laws, and codes related to the records series. Citations can include Authorities (governing the creation of records), Confidentiality (limiting access to public records), and Retention (setting a retention period).

- CFR = citation from the Code of Federal Regulations
- G.S. = citation from the North Carolina General Statutes
- USC = citation from the United States Code

The Disposition Instructions include a number of triggers that begin the retention period:

- Adoption of plan: With a record such as a strategic plan, the retention period begins as soon as the plan is adopted by the governing body.
- Closed: With a record such as an investigation, the retention period begins once the case is closed.
- Complete: With a record such as a report, the retention period begins once the report has been finalized.
- Execution of plan: With a record such as a business plan, the retention period begins once the plan has been carried out.
- Reference value ends: Once the content of a record is no longer useful or significant, it can be destroyed. This disposition is usually applied to records that were not created by the agency.
- Service ends: With a record relating to an elected or appointed office, the retention period begins once the term of service ends.
- Superseded or Obsolete: With any record that is produced in versions, an older version can be destroyed when the new version is received.

Several symbols are used within the disposition instructions:

∞ archival records that should transfer to the State Archives for permanent retention

archival records that will transfer to the State Archives in an electronic format

Ω records that transfer to the State Records Center for temporary storage before destruction

© records that transfer to the State Records Center for permanent security storage