



## FINANCIAL RECORDS RETENTION AND DESTRUCTION POLICY

### A. RETENTION POLICY

This Financial Records Retention and Destruction Policy has been adopted by the Controller's Office pursuant to Chapter 8 of the San Francisco Administrative Code (hereinafter "Administrative Code"), which requires each department head to develop a written policy which sets forth a written schedule for the systematic retention and destruction of the department's records. This policy supersedes all previous records retention and destruction policies issued by the Controller's Office. This policy covers all records and documents, regardless of physical form or characteristics, which have been made or received by the Controller's Office in connection with the transaction of public business.

### B. RECORDS DEFINED

The Controller's Office shall retain records for the period of their immediate or current use, unless longer retention is necessary for historical reference, or to comply with contractual or legal requirements or for other purposes as set forth below. For purposes of record retention and destruction, the term "record" is defined as set forth in Section 8.1 of the Administrative Code, and includes any paper, book, photograph, film, sound recording, map, drawing or other document, or any copy thereof, as has been made or received by the department in connection with the transaction of public business and may have been retained by the department as 1) evidence of the department's activities, 2) for the information contained in it, or 3) to protect the legal or financial rights of the City and County of San Francisco (hereinafter "City and County") or of persons directly affected by the activities of the City and County. Documents and other materials that do not constitute "records" under that section, including those described below in Category 4, may be destroyed when no longer needed, unless otherwise specified.

### C. CLASSIFICATION OF RECORDS

The records of the Controller's Office shall be classified for the purposes of retention and destruction as follows:

**Category 1: Permanent Retention.** Records that are permanent or essential shall be retained and preserved indefinitely.

- **Permanent records:** Permanent records are records required by law to be permanently retained and which are ineligible for destruction unless they are microfilmed or placed on an optical imaging system and special measures are followed (Administrative Code Section 8.4). Once these measures are followed, the original paper records may be destroyed. Duplicate copies of permanent records may be destroyed whenever they are no longer necessary for the efficient operation of the Controller's Office. An example of a permanent record is the Annual Comprehensive Financial Report.
- **Essential records:** Essential records are records necessary for the continuity of government and the protection of the rights and interests of individuals (Administrative Code Section 8.9). Examples of essential records include advice letters and opinions, policy memoranda, and interpretive materials such as manuals. Other examples of essential records in the Controller's Office include revenue projection and audit report documents.

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**Category 2: Current Records.** Current records are records which for convenience, ready reference or other reasons are retained in the office space and equipment of the Department. Current records shall be retained as follows:

- Where retention period specified by law. Where federal, state, or local law prescribes a definite period of time for retaining certain records, the Controller's Office will retain the records for the period specified by law. Examples of such records include Statement of Economic Interest (Form 700) and Emergency/Disaster Cost Recovery documents.
- Where no retention period specified by law. Where the law specifies no specific retention period, the retention periods for records that the Controller's Office is required to retain shall be specified in the attached Financial Records Retention and Destruction Schedule. Records shall be retained for a minimum of two (2) years, although such records may be treated as "storage records" and placed in storage at any time during the applicable retention period.

**Category 3: Storage Records.** Storage records are records that are retained offsite. Storage records are subject to the same retention requirements as current records.

**Category 4: No Retention Required.** Documents and other materials that are not "records" as defined by Administrative Code Section 8.1 need not be retained unless retention is otherwise required by local law or by the attached Financial Records Retention and Destruction Schedule. Documents and other materials (including originals and duplicates) that are not otherwise required to be retained, are not necessary to the functioning or continuity of the Controller's Office, and which have no legal significance may be destroyed when no longer needed. Examples include materials and documents generated for the convenience of the person generating them, draft documents (other than some contracts) which have been superseded by subsequent versions or rendered moot by the Controller's Office action, and duplicate copies of records that are no longer needed. Specific examples include telephone message slips, miscellaneous correspondence not requiring follow-up or departmental action, notepads, emails that do not contain information required to be retained under this policy, and chronological files.

#### **D. RECORDS NOT ADDRESSED IN THE FINANCIAL RECORDS RETENTION SCHEDULE**

Records and other documents or materials that are not expressly addressed by the attached schedule may be destroyed at any time provided that they have been retained for the periods prescribed for substantially similar records.

#### **E. PENDING CLAIMS AND LITIGATION**

The retention periods set forth herein and in the attached schedule shall not apply to materials that are otherwise eligible for destruction, but which may be relevant to a pending claim or litigation against the City and County of San Francisco ("the City"). Once the City becomes aware of the existence of a claim or litigation against the City, the City Attorney's Office shall notify all affected City departments and the respective departments shall retain all documents and other materials related to the claim or litigation until such time as the claim or litigation has been resolved.

#### **F. RECORDS RELATING TO FINANCIAL MATTERS**

Records pertaining to financial matters shall be destroyed only after approval by the Controller (Administrative Code Section 8.3). The Controller's Office reviews and approves each Department's Records Retention and Destruction Schedule. Departments may destroy documents consistent with the Financial Records Retention and Destruction Schedule. You must obtain the

Controller's Office approval for documents pertaining to financial matters that do not fall within the Financial Records Retention and Destruction Schedule.

#### **G. RECORDS RELATING TO PAYROLL RECORDS**

The Retirement Board must approve the destruction of all records pertaining to payroll checks, time cards and related documents (Administrative Code Section 8.3). The Retirement Board reviews and approves each Department's Records Retention and Destruction Schedule. These records are not to be destroyed without prior approval of the Retirement Board.

#### **H. RECORDS THAT CONTAIN LEGAL SIGNIFICANCE**

The City Attorney's Office must approve the destruction of all records that contain legal significance (Administrative Code Section 8.3). The City Attorney's Office reviews and approves each Department's Records Retention and Destruction Schedule. Departments may destroy documents consistent with the Records Retention and Destruction Schedule. You must obtain the City Attorney's Office approval for documents that contain legal significance and do not fall within the Records Retention and Destruction Schedule.

#### **I. RECORDS RELATING TO FEDERAL AWARDS: EMERGENCY/DISASTER AND COST RECOVERY**

Records relating to federal awards, including public assistance following an emergency or disaster, are governed by 2 C.F.R. § 200.333. This regulation requires retention of any and all records relating to a federal award for three (3) years after the State has closed the claim by the City. The City shall retain all records relating to the federal award for three (3) years from the date the State has closed the claim by the City (i.e., the date of the final Financial Status Report (FSR) (FEMA Form 112-0-1), unless certain exceptions apply (see 2 C.F.R. § 200.333). California law also requires the City retain all financial and program records related to cost or expenditures eligible for state financial assistance for three (3) years. 19 CCR § 2980(e).

The records must be retained until completion of the action and resolution of all issues which arise from it, or until the end of the regular 3-year period, whichever is later. Final closeout (receipt of FSR) is when all Project Worksheets associated with a disaster/emergency are closed. All records related to any and all Project Worksheets associated with an event must be retained for 3 years after the close of the final associated Project Worksheet. Note: state and federal regulations change from time to time; the Controller's Office will issue specific rules for file retention on any given disaster, should there be a change.

#### **J. MATERIALS OF HISTORIC SIGNIFICANCE**

Historical records are records which are no longer of use to the Controller's Office, but because of their age or research value may be of historical interest or significance. Historical records may not be destroyed except in accordance with the procedures set forth in Administrative Code Section 8.7.

#### **K. EMAIL POLICY**

The Controller's Office provides an email system to its employees as a convenient and efficient medium of communication. Email is intended and designed to be a tool of communication but the email system is not a medium for storage of information or for any of the Department's records.

The Controller's Office staff must determine with regard to each email whether the Department's Financial Records Retention and Destruction Schedule ("Schedule") requires the retention of a particular record. If the Schedule requires retention of the email, staff must retain it in accordance with the schedule and delete it from the email system. If the Schedule does not require retention of

the email the staff must delete it as soon as it is no longer necessary for the discharge of official duties.

As a general rule, departments need not search their back-up electronic files in response to a public records request. Back-up tapes serve the limited purpose of providing a means of recovery in cases of disaster, departmental system failure, or unauthorized deletion. They are not available for departmental use except in these limited situations. Electronic records such as emails that an employee has properly deleted under the department's records retention and destruction policy but that remain on back-up tapes are analogous to paper records that the department has lawfully discarded but may be found in a City owned dumpster. Neither the Public Records Act nor the Sunshine Ordinance requires the City to search the trash for such records, whether paper or electronic.

#### **L. RECORDS STORAGE**

The use of storage areas listed below is limited to the Controller's Office and under no circumstances may include personal belongings of any sort.

Location. The Controller's Office will contract with a vendor for storage of those records other than Current Records, which are retained in the Controller's Office.

Financial Records Retention and Destruction Schedule. All Controller's Office records that are to be retained must be listed on this schedule by the responsible Controller division. This schedule will provide the basis for destruction and storage of records.

Organizing Records Storage. All records within the same box destined for storage shall have the same destruction date. The destruction date should stem from the end of the fiscal year in which the document was created unless specified differently.