

Lebanese American University
Compliance Program for United States Sponsored Programs & Procurement Contracts
Records Retention and Audits

1. PURPOSE

- 1.1 The purpose of this Policy is to establish standards and guidelines for the use, maintenance, and retention of business records consistent with good business practices, applicable government regulations, and all legal requirements for Awards and FAR Contracts, as defined below. For purposes of this Policy, unless stated otherwise, use of the term Award includes Subawards and Award Subcontracts, and the term FAR Contract includes FAR Subcontracts.
- 1.2 This Policy also intends to provide LAU with the information necessary to respond quickly and effectively to Government inquiries and support LAU investigations and audits.

2. TERMS AND DEFINITIONS

- 2.1 The following terms shall have the meanings indicated below for purposes of this Policy, regardless of whether the terms are capitalized:
 - 2.1.1 Agreements Officer – The individual designated as such by the Awarding Agency. This individual is the Government official authorized to execute and modify Awards on behalf of the Government and the Awarding Agency. This individual may also be referred to as the Grants Officer.
 - 2.1.2 Award – U.S. grants, cooperative agreements, and any other Federal financial assistance from an Awarding Agency. These are agreements that would be subject to [2 CFR Part 200](#), if entered into after December 26, 2014.
 - 2.1.3 Award Subcontract – A subcontract issued under an Award strictly for the purchase of property or services needed to carry out the performance of the Award. This term does not include an agreement that qualifies as a Subaward (i.e., an agreement to actually carry out part of the Award scope of work). See “Procurements, Subawards, and Subrecipient Monitoring” Policy for further explanation of the differences between a Subaward and an Award Subcontract.
 - 2.1.4 Awardee – The recipient of an Award directly from an Awarding Agency.
 - 2.1.5 Awarding Agency - The Government department or agency that solicits and enters into an Award or a FAR Contract.
 - 2.1.6 Contracting Officer or CO – The individual designated as such by the Awarding Agency. The Contracting Officer is the official authorized to execute and modify FAR Contracts on behalf of the Government and the Awarding Agency.

- 2.1.7 Cost – All costs incurred in connection with an Award or FAR Contract, charged directly or indirectly to an Award or FAR Contract, and/or which LAU claims as part of a Cost Share for an Award.
- 2.1.8 Direct Cost – Any cost that can be specifically and accurately identified with a particular Award, FAR Contract, or other activity. Examples of Direct Costs include, but are not limited to, equipment, salaries, and independent contractor costs.
- 2.1.9 FAR Contract – Any contract awarded to LAU by an Awarding Agency for the acquisition of goods or services and that is subject to the FAR. Except in very limited circumstances, all contracts awarded by the Government for the acquisition of goods and services, as opposed to providing financial assistance, are subject to the FAR.
- 2.1.10 FAR Subcontract – A subcontract issued under a FAR Contract for the purchase of property or services needed to carry out the performance of the FAR Contract.
- 2.1.11 Federal Acquisition Regulation or “FAR” – The regulations in Title 48 of the Code of Federal Regulations implementing uniform policies and procedures for acquisitions by Government executive agencies. The FAR is the primary set of regulation for this purpose, but Government agencies can issue their own acquisition regulations to supplement the FAR.
- 2.1.12 Government – The Federal government of the United States of America.
- 2.1.13 Grants Officer – See definition of Agreements Officer above. The terms Grants Officer and Agreements Officer are interchangeable.
- 2.1.14 Indirect Cost – Costs that are incurred for and benefit multiple activities, including those not directly related to Awards or FAR Contracts, and cannot be readily identified with a specific Award or FAR Contract. Examples of Indirect Costs include, but are not limited to, facilities and administrative costs and depreciation.
- 2.1.15 LAU –refers to Lebanese American University.
- 2.1.16 Prime Contractor – The recipient of a FAR Contract directly from an Awarding Agency.
- 2.1.17 Record – With respect to an Award or FAR Contract, any document created, received, and maintained as evidence by an organization or person in the transaction of business, or in the pursuance of legal obligations, regardless of media, that contains information relevant to the business of the Award or FAR Contract, including, but not limited to: contracts/agreements; drawings; performance and key events reports; financial statements; employee records and time entries; corporate policies and procedures;

filings required by governmental agencies; and other items used in the ordinary course of business including invoices, purchase orders, receiving reports, maintenance files, and other accounting-related reports.

2.1.18 Sponsored Program – A program funded at least in part with an Award or Subaward.

2.1.19 Subaward – An agreement issued under an Award by the Awardee to a Subawardee, or made from one Subawardee to another, to carry out part of the performance of an Award. It does not include an agreement by which an Awardee or Subawardee merely purchases property or services needed to carry out the Award. See “Procurements, Subawards, and Subrecipient Monitoring” Policy for further explanation of the differences between a Subaward and an Award Subcontract.

2.1.20 Subawardee or Subrecipient – Recipient of a Subaward.

2.2 Uniform Requirements – the Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Award at [2 CFR Part 200, as supplemented by applicable agency supplements, including, for example, 2 CFR Parts 600 \(Department of State\) and 700 \(USAID\)](#).

3. RESPONSIBILITIES

3.1 It is the responsibility of LAU and its departments, faculty, staff and other employees to fully comply with this Policy and ensure that all Award, FAR Contract, and other work related documents are retained and protected pursuant to applicable law. It is imperative that each person with such responsibility reviews, understands, and complies with this Policy. Violations may result in severe consequences to LAU and all individual violators.

3.2 The Office of Grants and Contracts is responsible for the maintenance and general oversight of the Policy. The Office of Grants and Contracts, or its designee, is responsible for:

3.2.1 Working with Human Resources and the Finance Department to properly educate all LAU faculty, staff, and other LAU service providers and/or consultants on the Policy and its purpose; and

3.2.2 Updating the Policy as necessary to address changes in applicable Awards, FAR Contracts, and/or regulations;

3.3 Principal investigators on Awards and FAR Contracts, and their respective departments] are responsible for identifying and retaining all Records related to the performance of their specific Awards and FAR Contracts pursuant to this Policy.

3.4 All questions concerning this Policy should be directed to the following, in this order:

3.4.1 Direct Supervisor

3.4.2 The Office of Grants and Contracts.

4. SCOPE AND APPLICABILITY

- 4.1 This Policy will apply to financial records, supporting documents, statistical records, and all other Records pertinent to any Award or FAR Contract. This includes, but is not limited to, Records concerning Costs incurred and submitted for reimbursement under the Award or FAR Contract, training records, Data developed for an Award, reports made under the Award, and audit documentation and reports.
- 4.2 The portions of this Policy that apply specifically to mandated annual compliance audits apply for any year in which LAU expends \$750,000 or more in Awards during its fiscal year. For each year in which LAU expends \$750,000 or more, LAU must have a compliance audit conducted for that year, in accordance with [Subpart F of 2 CFR](#) ("Compliance Audit").
- 4.3 For Award Records, unless otherwise required in the Award, this Policy will remain in effect for three years from the date of submission of the final expenditure report for each Award. The Policy will continue to remain in effect beyond this period if the period of performance is extended by the applicable Award and regulations.
- 4.4 For FAR Contracts, unless otherwise required in the FAR Contract, this Policy will remain in effect for three years after final payment. The Policy will continue to remain in effect beyond this period if the period of performance is extended by the applicable contract and regulations.

5. STATEMENT OF POLICY

Awards

- 5.1 Financial records, supporting documents, statistical records, and all other Records pertinent to any Award or FAR Contract must be retained in accordance with applicable regulations, but for no less than a period of three years from the date of submission of the final expenditure report, with the following exceptions:
 - 5.1.1 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 has been taken.
 - 5.1.2 If LAU is notified in writing by the Government, a cognizant agency for audit, oversight agency for audit, cognizant agency for indirect costs, or pass-through entity to extend the retention period.

- 5.1.3 Records for real property and equipment acquired with federal funds must be retained for three years after final disposition.
- 5.1.4 If Records are transferred to or maintained by the Government or a pass-through entity, the 3-year retention requirement is not applicable.
- 5.1.5 In the event an Award requires LAU to report “program income,” as defined in 2 CFR 200.80, after the period of performance. When there is such a requirement, the retention period for the records pertaining to the earning of the project income starts from the end of LAU’s fiscal year in which the project income is earned.
- 5.1.6 Indirect cost rate proposals, cost allocation plans, and similar accounting computations of the rate at which a particular group of costs is chargeable must be retained for three years from the date of its submission to the Government or pass-through entity, if such submission is required to form the basis for negotiation of the rate. If the proposal, plan, or other computation is not required to be submitted to the Government (or to the pass-through entity) 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.
- 5.2 For the retention time periods prescribed in this policy, LAU must not destroy, discard, delete, or write over such data.
- 5.3 LAU will conduct a review of Award on-site Records and reports of its off-site records (if applicable) annually to ensure the ongoing adherence to the record retention requirements for Awards. (See the Record Retention and Audits Procedures for further information regarding document destruction guidelines).
- 5.4 The Internal Audit Department at LAU and the Office of Grants and Contracts, in coordination with the Finance Department, will ensure that the Compliance Audit is properly performed and submitted in accordance with Subpart F of 2 CFR, as applicable. This includes, among other things:
 - 5.4.1 Preparing an appropriate reporting package.
 - 5.4.2 Electronically sending the reporting package to the appropriate Government personnel within the deadlines established in the applicable regulations and Award.
 - 5.4.3 Making copies of the audit and reporting package available for public inspection, unless restricted by federal statutes or regulations. LAU and the auditors must ensure that their respective parts of the reporting package do not include protected personally identifiable information.

- 5.4.4 Sending a copy of any management letters issued by the auditor, if requested by the Government.
- 5.4.5 Keeping one copy of the reporting package on file for three years from the date of submission to the Government.
- 5.5 The Director of the Office of Grants and Contracts, or a designee will promptly follow up and take corrective action based on audit findings. This includes:
 - 5.5.1 Preparing a summary schedule of findings. The corrective action plan must include the reference numbers the auditor assigns to audit findings. Because the summary schedule may include audit findings from multiple years, it must include the fiscal year in which the finding initially occurred. The corrective action plan and summary schedule of prior audit findings must include findings relating to the financial statements which are required to be reported in accordance with the Generally Accepted Government Auditing Standards (“GAGAS”).
 - 5.5.2 The summary schedule of prior audit findings must report the status of all audit findings included in the prior audit’s schedule of findings and questioned costs. The summary schedule must also include audit findings reported in the prior audit’s summary schedule of prior audit findings except audit findings listed as fully corrected, or no longer valid or not warranting further action.
 - 5.5.3 At the completion of the audit, LAU must prepare, in a document separate from the auditor’s findings, a corrective action plan to address each audit finding included in the current year auditor’s reports. The corrective action plan must provide the name(s) of the contact person(s) responsible for corrective action, the corrective action planned, and the anticipated completion date. If LAU does not agree with the audit findings or believes corrective action is not required, then the corrective action plan must include an explanation and specific reasons supporting that belief.
- 5.6 Because for-profit Subrecipients are not subject to the same audit requirements as above, generally, Subawards to for-profit entities must at least contain terms necessary to ensure they are complying with Award requirements.

FAR Contracts

- 5.7 Financial records, supporting documents, statistical records, and all other Records pertinent to FAR Contracts must be retained as set forth below, unless otherwise required by the terms of the FAR Contract.
- 5.8 Records, including books, documents, accounting procedures and practices, and other Data, regardless of type and regardless of the form must be maintained, and available for review and audit for 3 years after final payment. Exceptions are outlined in the Records Retention and Audit Procedures with the following exceptions

- 5.8.1 Accounts receivable invoices, adjustments to the accounts, invoice registers, carrier freight bills, shipping orders, and other documents which detail the material or services billed on the related invoices: Retain 4 years.
- 5.8.2 Material, work order, or service order files, consisting of purchase requisitions or purchase orders for material or services, or orders for transfer of material or supplies: Retain 4 years.
- 5.8.3 Cash advance recapitulations, prepared as posting entries to accounts receivable ledgers for amounts of expense vouchers prepared for employees' travel and related expenses: Retain 4 years.
- 5.8.4 Paid, canceled, and voided checks, other than those issued for the payment of salary and wages: Retain 4 years.
- 5.8.5 Accounts payable records to support disbursements of funds for materials, equipment, supplies, and services, containing originals or copies of the following and related documents: remittance advices and statements, vendors' invoices, invoice audits and distribution slips, receiving and inspection reports or comparable certifications of receipt and inspection of material or services, and debit and credit memoranda: Retain 4 years.
- 5.8.6 Labor cost distribution cards or equivalent documents: Retain 2 years.
- 5.8.7 Petty cash records showing description of expenditures, to whom paid, name of person authorizing payment, and date, including copies of vouchers and other supporting documents: Retain 2 years.
- 5.8.8 Payroll sheets, registers, or their equivalent, of salaries and wages paid to individual employees for each payroll period; change slips; and tax withholding statements: Retain 4 years.
- 5.8.9 Clock cards or other time and attendance cards: Retain 2 years.
- 5.8.10 Paid checks, receipts for wages paid in cash, or other evidence of payments for services rendered by employees: Retain 2 years.
- 5.8.11 Store requisitions for materials, supplies, equipment, and services: Retain 2 years.
- 5.8.12 Work orders for maintenance and other services: Retain 4 years.
- 5.8.13 Equipment records, consisting of equipment usage and status reports and equipment repair orders: Retain 4 years.
- 5.8.14 Expendable property records, reflecting accountability for the receipt and use of material in the performance of a contract: Retain 4 years.

- 5.8.15 Receiving and inspection report records, consisting of reports reflecting receipt and inspection of supplies, equipment, and materials: Retain 4 years.
- 5.8.16 Purchase order files for supplies, equipment, material, or services used in the performance of a contract; supporting documentation and backup files including, but not limited to, invoices, and memoranda: Retain 4 years.
- 5.8.17 Production records of quality control, reliability, and inspection: Retain 4 years.
- 5.8.18 Property records: Retain 4 years.
- 5.9 LAU may duplicate and store original Records in electronic form, but should also maintain the originals for the retention period. If stored electronically, LAU must maintain the duplicates on a reliable medium and retain an audit trail describing any Data transfer of the Records.

6. REFERENCES

- 6.1 Please refer to the following regulations for further details regarding this policy:
 - 6.1.1 [2 CFR Part 200.331](#)
 - 6.1.2 [2 CFR 200.333 - .337](#)
 - 6.1.3 [2 CFR 200.425](#)
 - 6.1.4 [2 CFR 200.500 et seq.](#)
 - 6.1.5 [FAR Subpart 4.7](#)
 - 6.1.6 Record Retention and Audits Policy
 - 6.1.7 Code of Ethics
 - 6.1.8 LAU Policies for United States Sponsored Programs and Contracts - Compliance Program for Financial Assistance Awards
 - 6.1.9 LAU Policies for United States Sponsored Programs and Contracts - Procurements, Subawards, and Subrecipient Monitoring Policy.
 - 6.1.10 LAU Record Retention and Audits Procedures

Effective Date:

The foregoing Compliance Program for United States Sponsored Programs & Procurement Contracts: Records Retention and Audits was adopted by the Board of Trustees on September 6 & 7, 2018 and is effective as of September 7, 2018.