

North Carolina Department of Health and Human Services (NC DHHS) Records Retention and Disposition Schedule for Grants

Background Information

Chapters 121 and 132 of the General Statutes of North Carolina govern the retention and disposition of all records located in and/or maintained by all public offices, whether municipal, county, state government, or state-supported institutions of higher learning.

The NC Department of Natural and Cultural Resources, Division of Archives and History, Government Records Section (DNCR) has the statutory responsibility of working with state agencies, local governments and public authorities in developing a workable schedule for the retention and disposition of public records.

State agencies, local governments and public authorities have in effect a retention and disposition schedule prepared jointly with and published by DNCR that covers a wide array of specific types of programmatic, administrative and budgetary records that are unique to the preparing agency.

Local Government program schedules can be accessed at the following Internet address: <https://archives.ncdcr.gov/government/local>. At this web page, follow the on-line instructions.

As program schedules are amended, disposition language is included that requires written NC DHHS Office of the Internal Auditor authorization prior to the destruction of records that pertain to specific federal programs. The semi-annual posting of this document and the NC DHHS Records Retention and Disposition Schedule for Grants posted to <https://www.ncdhhs.gov/about/administrative-offices/office-controller/records-retention> serves as the written authorization that allows purging of such records.

Retention Schedules

There are two retention schedules, the NC DHHS Records Retention and Disposition Schedule for Grants and the DNCR Records Retention and Disposition Program Schedule.

- 1) The **NC DHHS Records Retention and Disposition Schedule for Grants** is based solely on the requirements of 7 CFR 3016.42, 45, 7 CFR 3019.53, 45 CFR 74.53, 45 CFR 92.42 and NCAC 03M .0703 (4) and pertains to all records supporting expenditure of specific federal funding sources. The NC DHHS Records Retention and Disposition Schedule for Grants is organized by federal funding sources, not by program names, because a single funding source can be used to fund more than one program (e.g., Temporary Assistance to Needy Families funds both the Work First Program and the After-School Programs for at Risk Students). Retention of records is dependent on the funding sources.
- 2) The **DNCR Records Retention and Disposition Program Schedule** is organized by record series types such as program client records, medical records, invoices, etc. Disposition instructions are determined by various federal and/or state regulations, which may require retention periods that are longer than those listed in the NC DHHS Records Retention and Disposition Schedule for Grants. Examples include:

- Medicaid records that must be maintained for five years after the last date of service;

- Adoption files that are to be retained permanently; and
- Foster Care court orders that must be retained for as long as the case is open plus three years from date of submission of the final revised annual financial report for the year in which the case was closed, provided that no litigation, claim, fiscal and/or program audit or other official action involving the record has been initiated before the expiration of the three-year period.

NC DHHS Records Retention and Disposition Schedule for Grants

Federal retention periods are governed by federal regulations found at 7 CFR 3016.42, 7 CFR 3019.53, 45 CFR 74.53 and 45 CFR 92.42. According to these regulations, most federal records require a three-year retention period. The start of this three-year period is usually based on the date the final grant expenditure report is submitted, which normally occurs several months after the end of the federal grant year. It should also be noted that amended final expenditure reports restart the three-year period. Thus, a pre-defined period (i.e. as of July 1,) cannot be used as a record disposition date. The expenditure reports are prepared and filed by the State and are different from any reports that local governments file with the State to obtain funding.

Furthermore, if any federal, state or local litigation, claim, negotiation, audit or other action involving the records has been started before the expiration of the three-year period described above, the records must be retained until completion of the action and resolution of all issues that arise from it, or until the end of the regular three-year period, whichever is later. Note: The Department can only address audits, investigations and legal actions involving the State; therefore, local government entities are responsible for ensuring that there are no local level actions, investigations or litigation pending before destroying records.

The NC DHHS Controller's Office tracks both the federal and state retention periods for grant awards and provides that information to the NC DHHS Office of the Internal Auditor, who reviews, formats and posts this written guidance at <https://www.ncdhhs.gov/about/administrative-offices/office-controller/records-retention>. For access by DHHS divisions, local governments and non-governmental entities, each should review this schedule to determine which fiscal year and which federal grant records may be purged. This semiannual guidance is in the form of the N. C. DHHS Records Retention and Disposition Schedule for Grants.

The N C DHHS Records Retention and Disposition Schedule for Grants must be used in conjunction with the DNCR Records Retention and Disposition Program Schedule.

The key to using the NC DHHS Records Retention and Disposition Schedule for Grants is to know the funding sources that support the specific records in question. For each record you must identify:

- which programs are covered in the record;
- what are the program records retention schedule disposition instructions;
- how are those programs funded; and
- if federally funded, have the federal funding sources been cleared for disposition by the NC DHHS Records Retention and Disposition Schedule for Grants.

Remember, in cases where the NC DHHS Records Retention and Disposition Schedule for Grants differs from either the agency-specific program schedules published by DNCR, any other rules, state or federal statutes or legal requirements in terms of the retention period, you must use the most restrictive (i.e., the longest) retention period.

All state and local government agencies, nongovernmental entities and their subrecipients, including applicable vendors, that administer programs funded by federal sources passed through the NC DHHS and its divisions and offices are expected to maintain compliance with both the NC DHHS Records Retention and Disposition Schedule for Grants and any agency-specific programmatic record retention requirements. All contractors with which your agency has financial assistance relationships or purchase of services relationships that are structured such that the vendor is responsible for program compliance or the vendor's records must be reviewed to determine program compliance.

IMPORTANT FOR DIVISIONS THAT CONTRACT WITH MEDICAID CONTRACTORS, GRANTEES AND SUB-GRANTEES:

Although the NC DHHS/Division of **Health Benefits** administers Medicaid, other agencies, DHHS divisions, and state departments work closely with the program and perform significant functions in support of the Medicaid program. ALL Medicaid records must be retained for the minimum 10-year period specified in the accompanying "NC Department of Health and Human Services Records Retention and Disposition Schedule for Grants". As described in the Medicaid State Plan, several N. C. DHHS divisions utilize Medicaid funds to totally or partially fund programs/services. ALL contracts with **contractors, grantees, and sub-grantees** should specify that Medicaid records MUST be retained for the minimum 10-year retention period. Any existing Medicaid contracts **with contractors, grantees, and sub-grantees** that specify retention periods of less than 10 years must be modified to bring them into compliance with the NC DHHS records retention and disposition policy.

Contact information for questions regarding Records Retention and Disposition Schedule for Grants is:

Alicia Hartsfield

DHHS Office of the Internal Auditor
Operational Excellence
Risk Management, Compliance and Consulting
Office: (919) 527-6846
Mobile: (919) 816-6035
Alicia.Hartsfield@dhhs.nc.gov