

## 11.1 RETENTION OF FINANCIAL DOCUMENTS

### Introduction

This section of the Financial Guide recommends the number of years that schools should retain their financial documents and records. Certain financial documents should be retained for a given number of years for legal purposes. For example, orders and invoices for goods & services should be retained for 6 years in case they are required for litigation purposes. After 6 years, most disputes concerning the supply of goods and services are not legally enforceable and therefore it is not usually necessary to retain the documents any further. The exception to this is contracts under seal where 12 years is applicable.

### External Audit

All documents however, need to be retained for at least one complete financial year prior to the current financial year for external audit purposes. The term 'after external audit' refers to the formal closure of the audit for a financial year by the External Auditor. All financially related documents used in school (e.g. Cheque Stubs, Bank Statements, Paying-in Books etc) in a given financial year should be retained until such time as the audit of the authority's accounts has been formally closed. This is usually around September / October of the following financial year. The Auditor has to be satisfied that the Authority's accounts for a given year (including schools delegated & devolved accounts) are a true and fair representation of what has happened and he may have reason to investigate certain transactions / balances etc. as he sees fit.

It is usual for the financial records for the current and previous year to be readily available, however retaining documents from previous years need not take up valuable office space. As long as documents can be easily identified and accessed, they may be held in any secure place on the school's premises. Once the recommended retention period for a given type of document has expired, records may be disposed of. However, schools are advised to shred any sensitive documents / records (for example. data re salaries).

### Computerised Records

Computerised accounting records such as General & Petty Cash ledgers, Posting Summaries, Bank Reconciliations etc. can be retained in electronic medium. However back up copies of such files should be made and these should be stored either on site in a fire-proof safe or else stored off site. The label on the back up file should clearly identify what the data relates to, for example 'Posting Summaries to LA FY20xx-20xx'. The school needs to keep a formal note as to where these back up files are located so that the records can be accessed in the event of a change of personnel

### Retention Periods

The recommended retention periods for typical financial documents and records used in schools are set out below.

Type of Documentation / Record	Minimum Retention Period
<b>Banking &amp; Accounting Records</b> <ul style="list-style-type: none"> <li>- Statements</li> <li>- Cheque stubs (where applicable)</li> <li>- Paying in Books</li> <li>- Ledgers &amp; reconciliations</li> <li>- Posting Summary inc. VAT</li> <li>- Statement of School/LA Accounts (Outturn report only)</li> <li>- Bank Mandate(s)</li> <li>- Year end Creditor and Debtor Schedules</li> </ul>	<ul style="list-style-type: none"> <li>6 complete years plus current year</li> <li>6 complete years plus current year</li> <li>6 complete years plus current year</li> <li>6 complete years plus current year</li> <li>6 complete years plus current year</li> <li>6 complete years plus current year</li> <li>6 complete years plus current year</li> <li>6 complete years plus current year</li> </ul>
<b>Contract &amp; Purchasing Records</b> <ul style="list-style-type: none"> <li>- Register of Tenders &amp; Quotations</li> <li>- Unsuccessful tenders &amp; quotations</li> <li>- Purchase Orders under tender</li> <li>- Purchase Orders not under tender</li> <li>- Delivery Notes</li> <li>- Lease Agreements</li> </ul>	<ul style="list-style-type: none"> <li>Indefinitely</li> <li>1 complete year plus current year</li> <li>12 years</li> <li>6 years</li> <li>1 complete year plus current year</li> <li>6 years</li> </ul>
<b>Expenditure Records</b> <ul style="list-style-type: none"> <li>- Invoices paid (under tender)</li> <li>- Invoices paid (not under tender)</li> <li>- Petty Cash vouchers</li> <li>- Timesheets Overtime claims etc.</li> <li>- Expense Claims e.g. car mileage</li> </ul>	<ul style="list-style-type: none"> <li>12 years</li> <li>6 complete years plus current year</li> <li>6 complete years plus current year</li> <li>2 complete years plus current year</li> <li>2 complete years plus current year</li> </ul>
<b>Other Records</b> <ul style="list-style-type: none"> <li>- Inventories</li> <li>- Disposal of Asset forms</li> <li>- Invoices / letters to debtors (e.g. lettings, school meals etc.)</li> </ul>	<ul style="list-style-type: none"> <li>Indefinitely</li> <li>6 complete years plus current year</li> <li>2 complete years plus current year</li> </ul>

However, the list is not exhaustive and schools should contact the Schools Accountancy Section on 020 8359 7228 or [schools.accountancy@barnet.gov.uk](mailto:schools.accountancy@barnet.gov.uk) in the event of any queries.