

# Federal Grant Documentation

## Retention Guide

### Requirements and Recommendations for Local Governments

*Including American Rescue Plan Act (ARPA) State and Local Fiscal Recovery Funds (SLFRF)*

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The record types listed throughout this guide represent the primary categories of documentation required or recommended for federal award recipients; they are not exhaustive. If your organization generates other records that are relevant to the management, use, or oversight of your award, retain those as well.

### Why Documentation Retention Matters

Proper documentation retention is one of the most important steps a local government recipient can take to protect its grant awards and demonstrate responsible stewardship of public funds. Federal awards are subject to audit and oversight for years after the period of performance ends. Without organized, complete records, a recipient may be unable to substantiate allowable expenditures, demonstrate compliance with procurement rules, or respond to an auditor's request for evidence. The result can be repayment demands, compliance findings, or adverse audit outcomes, even for expenditures that were entirely proper at the time they were made.

The default retention standard under the Uniform Guidance ([2 CFR § 200.334](#)) is that all relevant documents should be retained for three years from the date of submission of the final expenditure report, and your issuing agency may impose a longer period. However, local governments managing federal awards should always confirm the applicable retention period for each funding program.

However, the American Rescue Plan Act (ARPA) State and Local Fiscal Recovery Funds (SLFRF) program requires all documents be retained for even longer than standard Uniform Guidance rules. Treasury's ARPA SLFRF Award Terms and Conditions require recipients to maintain records for five years after all funds have been expended or returned to Treasury, meaning that for most communities, the recordkeeping obligation will extend through at least December 31, 2031.

The principles in this guide apply broadly to any federal grant program, with notes added everywhere that SLFRF (including the revenue loss provision) have different rules. <https://www.ecfr.gov/current/title-2/subtitle-A/chapter-II/part-200/subpart-D/subject-group-ECFR4acc10e7e3b676f/section-200.334>

Think of your records as your evidence file. If your community is asked years from now to justify a particular expenditure or demonstrate that procurement followed federal rules, your

documentation is the only way to answer that question. The investment in good recordkeeping today is the best protection against audit risk tomorrow.<sup>1</sup> For a full explanation of why these requirements exist, what the retention period means in practice, and how to handle gaps or missing records, refer to the “Why Documentation Retention Matters” section below.

## Overview

This Federal Documentation Retention Guide is designed for local government recipients of federal awards, with particular attention on ARPA State and Local Fiscal Recovery Funds (SLFRF). It outlines requirements and recommendations for retaining records in accordance with both SLFRF-specific guidance and the broader federal standards established under the Uniform Guidance at 2 CFR § 200.334.

For SLFRF recipients: All records related to the use of SLFRF funds must be maintained for at least five (5) years after all funds have been expended or returned to Treasury, to ensure compliance with Treasury requirements and to support potential audits or investigations.

For recipients of other federal awards: The default retention period is three (3) years from the date of submission of the final expenditure report under 2 CFR § 200.334(a). Your issuing agency may impose a longer period. Always confirm the applicable retention period in your award terms and conditions.

### Requirements vs. Recommendations: Understanding the Difference

Throughout this guide, items labeled REQUIREMENT reflect binding federal obligations derived from statute, your issuing agency's Award Terms and Conditions, program regulations, or the Uniform Guidance (2 CFR Part 200). Failure to satisfy a requirement may result in findings of noncompliance, repayment demands, or adverse audit outcomes.

Items labeled RECOMMENDATION represent best practices to strengthen your compliance posture and prepare your organization for audit readiness. Although recommendations are not legally binding, following them substantially reduces the risk of audit findings and positions your organization for a smooth closeout.

## Key Terms Defined

**Alternative Compliance Examination Engagement (ACEE) Report:** A simplified audit option provided to small local or state government entities that receive Coronavirus State and Local Fiscal Recovery Funds (CSLFRF/ARPA). For more information, please reference [2022 Compliance Supplement and Applicability for Maryland NEUs](#).

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<sup>1</sup> U.S. Department of the Treasury, Coronavirus State and Local Fiscal Recovery Funds Award Terms and Conditions, ¶ 4(c); U.S. Department of the Treasury, Coronavirus State and Local Fiscal Recovery Funds: Compliance and Reporting Guidance, ver. 10.0 (Washington, DC: U.S. Department of the Treasury, April 29, 2025), pt. 1, sec. E, ¶ 2, 16.

**American Rescue Plan Act (ARPA):** The American Rescue Plan Act of 2021, the federal law that created the State and Local Fiscal Recovery Funds (SLFRF) program.

**De Minimis Rate:** A simplified indirect cost rate available to organizations that do not have a Negotiated Indirect Cost Rate Agreement (NICRA). As of the 2024 revision to 2 CFR Part 200, the de minimis rate increased from 10% to 15% of modified total direct costs ([2 CFR § 200.414\(f\)](#)). Recipients that were already using the 10% rate under existing awards should consult with their issuing agency regarding applicability of the updated rate.

**Information Document Request (IDR):** A formal written notice from your issuing agency (for example, the U.S. Department of Treasury for SLFRF) requesting additional records or clarifications about your award.

**Negotiated Indirect Cost Rate Agreement (NICRA):** A formal agreement with a federal agency that establishes the rate at which indirect (overhead) costs may be charged to a federal award. Many small local governments do not have a NICRA and instead use the de minimis rate.<sup>2</sup>

**Non-Entitlement Unit of Local Government (NEU):** A city, town, village, or other unit of general local government with a population under 50,000, with a few limited exceptions. NEUs are direct recipients of SLFRF funds from Treasury, not subrecipients.<sup>3</sup> This designation applies to ARPA SLFRF, CDBG, and a few other programs.

**Period of Performance:** The timeframe during which award funds may be spent. For SLFRF, this runs through December 31, 2026.<sup>4</sup>

**Program Income:** Gross income earned by a recipient that is directly generated by a federally financed activity or earned as a result of the federal award. Recipients are required to track and properly account for program income. Note: Revenue Loss recipients under SLFRF are exempt from the program income requirements, see the Revenue Loss section of this guide.

**Single Audit:** An independent audit required for any organization that expends \$1,000,000 or more in federal awards in a fiscal year (or \$750,000 for fiscal years beginning before 10/1/24). Many small NEUs may fall below this threshold; check your total federal expenditures annually.<sup>5</sup>

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<sup>2</sup> 2 CFR § 200.414(b) (2024); U.S. Department of the Treasury, Coronavirus State and Local Fiscal Recovery Funds: Compliance and Reporting Guidance, ver. 10.0 (Washington, DC: U.S. Department of the Treasury, April 29, 2025), pt. 1, sec. D, ¶ 2(a), 11.

<sup>3</sup> 31 CFR § 35.3 (2022) ("Nonentitlement unit of local government means a 'city,' as that term is defined in section 102(a)(5) of the Housing and Community Development Act of 1974 (42 U.S.C. 5302(a)(5)), that is not a metropolitan city")

<sup>4</sup> U.S. Department of the Treasury, Coronavirus State and Local Fiscal Recovery Funds: Compliance and Reporting Guidance, ver. 10.0 (Washington, DC: U.S. Department of the Treasury, April 29, 2025), pt. 1, sec. C, 8 ("award funds for the financial obligations incurred by December 31, 2024 must be expended by December 31, 2026").

<sup>5</sup> Single Audit Act Amendments of 1996, 31 U.S.C. §§ 7501–7507; 2 CFR § 200.501 (2024); U.S. Department of the Treasury, Coronavirus State and Local Fiscal Recovery Funds: Compliance and Reporting Guidance, ver. 10.0 (Washington, DC: U.S. Department of the Treasury, April 29,

**State and Local Fiscal Recovery Funds (SLFRF):** A federal program under the American Rescue Plan Act that provides direct financial assistance to state, local, and tribal governments to respond to the economic impact of the COVID-19 pandemic.

**Unique Entity Identifier (UEI):** The identifier assigned to your organization in SAM.gov, required for receipt of federal funds and for maintaining an active registration.

**2 CFR Part 200 / Uniform Guidance:** The set of federal rules governing how recipients must manage and document federal grant funds. The 2024 revision to 2 CFR Part 200 (effective October 1, 2024) updated several provisions, including the de minimis indirect cost rate and the Single Audit threshold.

## Requirements and Recommendations at a Glance

The table below summarizes the principal recordkeeping requirements and best practices for federal award recipients. Where requirements differ between SLFRF and other programs, those differences are noted.

Type	Description	Examples of Documents
<b>REQUIREMENT</b>	Maintain records and financial documents sufficient to evidence compliance with the applicable statute, your award terms and conditions, and your issuing agency's regulations and guidance. For SLFRF, this includes compliance with sections 602(c) and 603(c) of the Social Security Act, Treasury's Final Rule, and associated guidance including the Project and Expenditure Report User Guide. <sup>6</sup>	<ul style="list-style-type: none"> <li>» Invoices</li> <li>» General ledgers</li> <li>» Contracts</li> <li>» Procurement files</li> <li>» Payroll documentation</li> <li>» Project budgets</li> </ul>
<b>REQUIREMENT</b>	Comply with the applicable record retention period under 2 CFR § 200.334. The default for most	<ul style="list-style-type: none"> <li>» Budget summaries</li> <li>» Cost principle documentation</li> <li>» Performance reports</li> </ul>

2025), pt. 1, sec. E, ¶ 3, 16. Note that the threshold was \$750,000 for fiscal years beginning before October 1, 2024; the \$1,000,000 threshold applies to fiscal years beginning on or after that date. The threshold applies to total federal expenditures across all awards, not SLFRF alone.

<sup>6</sup> SLFRF Award Terms and Conditions, "Maintenance of and Access to Records" ("Grantee shall maintain records and financial documents sufficient to evidence compliance with section 602(c) of the Act and Treasury's regulations implementing that section and guidance regarding the eligible uses of funds").

	<p>federal programs is three (3) years from submission of the final expenditure report, unless your issuing agency sets a longer period. For SLFRF, the Award Terms and Conditions require five (5) years after all funds have been expended or returned to Treasury, a more stringent standard than the Uniform Guidance baseline.<sup>7</sup></p>	<ul style="list-style-type: none"> <li>» Final expenditure reports</li> </ul>
<p><b>REQUIREMENT</b></p>	<p>Retain records for equipment and property purchased with federal award funds for the duration of the applicable retention period, including records of acquisition cost, condition, and final disposition.<sup>8</sup> Note: This requirement does not apply to Revenue Loss recipients under SLFRF (FAQ 13.16).</p>	<ul style="list-style-type: none"> <li>» Property inventories</li> <li>» Depreciation schedules</li> <li>» Disposal/sale records</li> <li>» Equipment purchase orders</li> <li>» Procurement files</li> </ul>
<p><b>REQUIREMENT</b></p>	<p>Extend retention of documentation if litigation, audit, claims, or negotiations are pending or ongoing. The retention clock is tolled until the matter is fully resolved.<sup>9</sup></p>	<ul style="list-style-type: none"> <li>» Legal correspondence</li> <li>» Audit findings and responses</li> <li>» Corrective action plans</li> <li>» Management letters</li> </ul>
<p><b>REQUIREMENT</b></p>	<p>Retain records for program income earned during the period of performance where applicable. For SLFRF, this covers income earned between the December 31, 2024 obligation deadline and the December 31, 2026 end of the period of performance. Note: This</p>	<ul style="list-style-type: none"> <li>» Bank statements</li> <li>» Income tracking logs</li> <li>» Program income allocation records</li> </ul>

<sup>7</sup> Section 200.334 itself establishes a three-year baseline from the date of submission of the final expenditure report. The five-year period is an SLFRF-specific requirement that comes from the Award Terms and Conditions and is confirmed by the Compliance and Reporting Guidance

<sup>8</sup> 2 CFR § 200.313, "Equipment" (2024); 2 CFR § 200.314, "Supplies" (2024); U.S. Department of the Treasury, State and Local Fiscal Recovery Funds Final Rule Frequently Asked Questions, FAQ 13.16 (Washington, DC: U.S. Department of the Treasury, April 2025).

<sup>9</sup> 2 CFR § 200.334(b) (2024).

requirement does not apply to Revenue Loss recipients under SLFRF (FAQ 13.15).<sup>10</sup>

**REQUIREMENT**

Retain indirect cost rate proposals and related documentation submitted for negotiation if indirect costs were charged as administrative costs to the federal award under a NICRA or the de minimis rate.<sup>11</sup>

- » NICRA agreements
- » Rate calculation worksheets
- » Indirect cost allocation plans
- » De Minimis rate elections

**RECOMMENDATION**

Store documents in open and machine-readable formats wherever practicable, as encouraged by federal guidance.

- » PDF/A, CSV, XML files
- » Cloud-based archival systems
- » Document management platforms
- » Policy manuals
- » Staff standard operating procedures (SOPs)
- » Training records
- » Delegation of authority memos

**RECOMMENDATION**

Create and adopt an internal written document retention policy with clearly defined roles and responsibilities. Designate a records custodian to oversee compliance with the retention schedule.

- » Cloud storage with retention schedule folder structures
- » Redundant backup systems
- » Access control logs

**RECOMMENDATION**

Use secure digital backup systems and organize files by project, year, and document type. Maintain both an on-site and off-site (or cloud-based) backup to guard against data loss.

- » Retention compliance checklists
- » Audit preparation logs
- » Internal review reports
- » Corrective action documentation

**RECOMMENDATION**

Conduct periodic internal reviews, at least annually, to verify ongoing compliance with your retention policy, identify gaps, and remediate deficiencies before closeout.

<sup>10</sup> 2 CFR § 200.307 (2024); U.S. Department of the Treasury, Coronavirus State and Local Fiscal Recovery Funds: Compliance and Reporting Guidance, ver. 10.0 (Washington, DC: U.S. Department of the Treasury, April 29, 2025), pt. 1, sec. D, ¶ 9, 13.

<sup>11</sup> 2 CFR § 200.416, "Cost Allocation Plans and Indirect Cost Proposals" (2024) (requiring retention of indirect cost rate proposals submitted to a federal agency for negotiation); 2 CFR § 200.414(b), (f) (2024) (governing use of negotiated rates and the de minimis rate election).

**RECOMMENDATION**

Retain subrecipient monitoring documentation and all subaward agreements if award funds were passed through to subrecipients. This includes risk assessments, site visit reports, and evidence of subrecipient corrective actions.

- » Subaward agreements
- » Subrecipient risk assessment forms
- » Monitoring visit reports
- » Corrective action records

## Understanding the Five-Year Retention Clock

The applicable retention period depends on your award. For SLFRF recipients, Treasury's Award Terms and Conditions require all records to be maintained for five (5) years after all funds have been expended or returned to Treasury. This is a more stringent standard than the default three-year period under 2 CFR § 200.334(a). For recipients of other federal programs, the default is three (3) years from the date of submission of the final expenditure report, unless the issuing agency specifies otherwise in the award terms.

### When Does the Clock Start?

For SLFRF, the five-year clock begins on the date on which your organization has fully expended all award funds or returned any unexpended balances to Treasury. Because the SLFRF Period of Performance extends through December 31, 2026, most recipients should plan to retain all relevant records through at least December 31, 2031, absent any circumstances that would toll the clock.

For other federal programs, the clock generally starts from the date of submission of the final expenditure report (e.g., SF-425 or equivalent). Check your award terms and conditions to confirm the precise trigger.

#### **Important: When the Clock Is Tolloed**

The five-year retention period is automatically suspended, or “tolloed”, if your organization becomes subject to litigation, an audit, a claim, or a negotiation related to SLFRF funds. In these circumstances, records must be retained until the matter is fully resolved, any audit findings have been satisfied, and all appeals have been exhausted. NEUs should establish an internal “litigation hold” or “audit hold” process to ensure records are preserved whenever they receive notice of any pending review.<sup>12</sup>

<sup>12</sup> 2 CFR § 200.334(b) (2024)

## Post-Closeout Retention Obligations

Receiving a Notice of Final Closeout from your issuing agency does not end your record retention obligations. This is one of the most common misconceptions among award recipients. Closeout marks the end of the award's active administration: it does not start or shorten the retention clock. Similarly, submitting your final report and completing all reporting obligations is not the same as completing your retention window. Your issuing agency can still reach out after closeout to request records, conduct a program-specific review, or initiate an audit for the full duration of the applicable retention period.

After closeout, recipients must continue to comply with all applicable laws and regulations in their Award Terms and Conditions, including record retention and documentation, compliance with federal civil rights statutes, and audit requirements. Communicate this expectation clearly to all staff, finance personnel, and leadership to avoid premature destruction of records.

## What Records Must Be Retained

The following categories represent the primary types of records that federal award recipients are required to maintain. This list is not exhaustive; consult your award terms and conditions and your issuing agency's compliance guidance for additional detail.

### 1. Financial and Accounting Records

- » General ledgers and sub-ledgers showing SLFRF fund receipts, obligations, and expenditures
- » Invoices, receipts, purchase orders, and payment documentation for all SLFRF-funded expenditures
- » Bank statements and canceled checks corresponding to SLFRF transactions
- » Chart of accounts or fund accounting documentation demonstrating segregation of SLFRF funds
- » Payroll records for employees whose salaries were charged to the SLFRF award
- » Indirect cost rate documentation, including any NICRA or de minimis rate elections<sup>13</sup> (see note on 2024 rate change in Key Terms)

### 2. Procurement and Contract Records

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<sup>13</sup>2 CFR § 200.416, "Cost Allocation Plans and Indirect Cost Proposals," and 2 CFR § 200.414(f), "Indirect Costs." If a recipient charged indirect costs using a Negotiated Indirect Cost Rate Agreement (NICRA), supporting rate proposals must be retained. Recipients without a NICRA may use the de minimis rate of 10 percent of modified total direct costs under 2 CFR § 200.414(f); documentation of that election must also be maintained for the full five-year period.

- » Complete procurement files for all contracts and purchases made with SLFRF funds, including solicitation documents, bid responses, evaluation criteria, award justifications, and contract modifications
- » Written standards of conduct for procurement officials
- » Suspension and debarment verification records (SAM.gov searches or equivalent) for all vendors and contractors
- » Sole-source and noncompetitive procurement justifications where applicable

### 3. Programmatic and Eligibility Records

- » Documentation demonstrating that each SLFRF-funded project falls within an eligible use category under sections 602(c) or 603(c) of the Social Security Act and Treasury's Final Rule.
- » Eligibility determinations for beneficiaries or subrecipients, including supporting evidence
- » Performance data and outcome metrics reported in Project and Expenditure Reports
- » Evidence-based intervention documentation for projects in relevant expenditure categories

### 4. Subrecipient Monitoring Records (If Applicable)

Recipients that passed award funds to subrecipients must retain sufficient documentation to demonstrate compliance with 2 CFR § 200.332. If a recipient further passed funds to other entities, those entities are subrecipients and the recipient bears monitoring responsibilities.

- » Subaward agreements identifying the SLFRF nature of the award and all compliance obligations
- » Subrecipient risk assessments and monitoring plans
- » Site visit reports, desk review findings, and corrective action correspondence
- » Evidence of subrecipient compliance with reporting requirements

#### Note for Revenue Loss Recipients (SLFRF)

Recipients who elected the Revenue Loss expenditure category under SLFRF are not subject to the subrecipient monitoring requirements above, because there are no subrecipients in a Revenue Loss award structure. See the Revenue Loss section of this guide for additional guidance.

### 5. Equipment and Property Records

For SLFRF recipients who elected the Revenue Loss expenditure category, the equipment and property requirements of 2 CFR §§ 200.313–314 do not apply (FAQ 13.16). All other recipients, including SLFRF recipients using other eligible expenditure categories, must retain the following:

- » Inventory of all equipment or property purchased with SLFRF funds valued at or above the capitalization threshold
- » Acquisition cost documentation, including purchase orders and invoices
- » Records of property location, condition assessments, and current use
- » Disposition records if equipment was sold, transferred, or retired during or after the performance period

## 6. Program Income Records

For SLFRF recipients using the Revenue Loss expenditure category, program income requirements do not apply (FAQ 13.15). All other recipients must retain the following:

- » Documentation identifying all sources of program income generated from SLFRF-funded activities
- » Records demonstrating that program income was used for eligible SLFRF purposes consistent with the Award Terms and Conditions
- » Bank statements and tracking logs segregating program income from other revenue sources

## 7. Audit and Compliance Records

- » Corrective action plans prepared in response to audit findings
- » Internal control assessments and documentation of risk mitigation measures
- » Correspondence with Treasury, the Government Accountability Office (GAO), or Treasury's Office of Inspector General (OIG) related to the SLFRF award
- » For recipients subject to Single Audit: all audit reports, management letters, and supporting workpapers

For guidance on whether your organization is subject to a Single Audit or an Alternative Compliance Examination Engagement (ACEE), including current thresholds and submission requirements, please visit MTAP's website for our dedicated resource on audit requirements.

## Special Considerations: SLFRF Revenue Loss Recipients

Recipients who elected the Revenue Loss expenditure category under SLFRF operate under a streamlined compliance framework. The standard recordkeeping requirements in this guide apply to Revenue Loss recipients with the following exceptions and additions:

**What does NOT apply:** Revenue Loss recipients are not subject to the subrecipient monitoring requirements (Section 4 above) because there are no subrecipients in a Revenue Loss structure. The equipment and property requirements (2 CFR §§ 200.313–314) and the program income requirements (2 CFR § 200.307) also do not apply to Revenue Loss recipients. See FAQ 13.15 and FAQ 13.16 of the SLFRF Final Rule FAQ (April 2025).

**What you should still retain:** Revenue Loss recipients must retain all financial and accounting records, procurement records, and programmatic documentation demonstrating the eligible use of funds. In addition, recipients should retain any internal policy and procedures manuals

governing their financial management, procurement, and expenditure practices, and any materials not mentioned above that the policies and procedures state should be retained.

### Why Keep Your Policy Manuals?

FAQ 13.15 of the SLFRF Final Rule FAQ states that Revenue Loss recipients are expected not to deviate from their established practices and policies regarding the incurrence of costs, and that they should expend and account for funds in accordance with their own laws and procedures.

This means your own internal financial policies become part of your compliance documentation. If you have adopted policies and procedures governing how you spend public funds, even informal written procedures, retain them for the full five-year period. If your community does not have formal written policies, this is a good time to document your standard practices in writing.

## Electronic and Digital Records

Federal compliance guidance encourages recipients to collect, transmit, and store records in open and machine-readable formats wherever practicable. For local government recipients, this means transitioning away from paper-only filing systems and toward structured digital recordkeeping is both a compliance best practice and a practical necessity for managing audit risk over a multi-year retention period.

### Recommended Digital Recordkeeping Practices

- » **Save files in common, widely readable formats.** Use PDF for documents (such as contracts, invoices, and reports), Excel (.xlsx) or CSV for financial data and spreadsheets, and JPEG or TIFF for scanned paper records. Avoid saving grant records only in software-specific formats, such as a proprietary accounting system export, that may become difficult or impossible to open if you switch systems in the future.
- » **Create a consistent folder structure and stick to it.** Organize your shared drive or computer folders by project name, then year, then document type, so anyone on your team can find what they need quickly. For example: [Project Name] > [Year] > [Invoices] > [individual files]. Use clear, descriptive file names, avoid vague names like "final\_v3" or "misc."
- » **Control who can access, edit, or delete your records.** Most shared drives, cloud platforms, and document systems allow you to set permissions, for example, limiting who can delete or overwrite files. Make sure only authorized staff can make changes to grant records, and that the system keeps a history of who accessed or modified files. If you are not sure how to set this up, ask your IT staff or check your platform's help documentation.
- » **Keep at least one backup copy stored somewhere separate.** Do not rely on a single computer or server as your only copy of grant records. Store a backup on a cloud-based platform (such as SharePoint, Google Drive, or a similar service) or on an external drive

kept at a different physical location. Check your backups periodically to make sure files can be opened and retrieved, a backup you cannot access is no backup at all.

- » **Make sure your system cannot automatically delete grant records.** Many document systems, cloud platforms, and shared drives have built-in auto-delete or "purge" settings that remove files after a set period. Check the settings for any folder or drive where grant records are stored and turn off or adjust any automatic deletion rules to ensure records are kept for the full retention period. If you are unsure how to do this, contact your IT staff or your platform's support team before closeout.

### **The 48-Hour Test: A Best Practice for Document Capture**

One of the most effective habits for any grant-funded project is to file supporting documentation within 48 hours of an expenditure or programmatic action. Receipts get lost. Email chains get buried. Staff members change roles or leave. The longer documentation sits uncaptured, the greater the risk it disappears or becomes impossible to locate.

For every payment, contract action, or significant program decision, aim to have the supporting documentation organized and filed in your records system within 48 hours. This simple discipline dramatically reduces the last-minute scramble before closeout and substantially improves your audit readiness posture.

### **Digitizing Paper Records**

NEUs that currently maintain paper-based SLFRF records are strongly encouraged to digitize those records as part of closeout preparation. Scanned copies should be clearly legible, and organized consistently with your digital filing taxonomy. Retaining an unorganized archive of paper documents significantly increases audit burden and the risk of being unable to locate a specific record when Treasury or an auditor requests it.

## **Audit Readiness**

Federal compliance guidance identifies record maintenance and retention as a core internal control best practice. A recipient that is well-prepared for audit is one whose records are organized, complete, and immediately retrievable.

### **Designate a Records Custodian**

Assign a specific individual, such as a finance director, town clerk, or compliance officer, as the designated Records Custodian for your federal award(s). This person is responsible for maintaining the retention schedule, ensuring proper storage, and serving as the point of contact for audits or issuing agency information requests. Document this designation in writing and keep it with your award file.

## Maintain a Record Index

Develop and maintain a master index or log of all award-related records, organized by category, project, and date range. The index should identify where each record type is stored (physical location or digital path), its retention deadline, and the responsible staff member. A well-maintained index dramatically reduces the time needed to respond to audit inquiries.

## Respond to Information Document Requests (IDRs)

During the closeout review process, your issuing agency may issue an Information Document Request (IDR), a formal written notice requesting additional records or clarifications about your award. For SLFRF, IDRs are submitted and responded to through the Treasury Portal. Recipients must respond in a timely manner; failure to respond to an IDR can delay final closeout and may result in compliance findings.

**If you receive an IDR:** (1) Read the request carefully. (2) Upload documents responsive to the request in the appropriate portal or system. (3) Submit and save your response. (4) Confirm that uploaded files appear correctly. Having organized records is the most effective way to respond quickly and accurately.

## Conduct a Pre-Closeout Records Review

Before initiating the closeout process, conduct a structured internal review of your records. Compare your records inventory against the requirements listed in the "What Records Must Be Retained" section of this guide and address any gaps. Common deficiencies identified during federal award reviews include:

- » Missing procurement justifications for sole-source contracts
- » Incomplete payroll allocation records for employees partially funded by the award
- » Absent or unsigned subrecipient agreements (where applicable)
- » Unorganized or missing documentation for equipment or property purchases
- » Indirect cost rate elections not documented in the award file

## What If Records Are Incomplete or Missing?

If your organization discovers that certain records are missing, incomplete, or were inadvertently destroyed, do not wait for an audit to surface the gap. Take the following steps immediately:

- » **Document what is missing.** Create a written log identifying which records are absent, the date the gap was discovered, and a description of what the records should have contained.
- » **Reconstruct what you can.** Records can sometimes be partially reconstructed from bank statements, vendor invoices, email correspondence, or accounting system exports. Keep all reconstruction notes.

- » **Report to leadership.** Notify your finance director, city manager, or equivalent official in writing so the organization can assess the scope of the gap.
- » **Contact MTAP or your State point of contact.** MTAP's Question Portal is available for technical assistance on remediation strategies.
- » **Do not destroy any remaining records.** Even if some records are already missing, preserve everything that remains.

## Key Regulatory and Guidance References

The following sources form the legal and regulatory foundation for all recordkeeping requirements in this guide. Recipients are encouraged to consult these sources directly for authoritative guidance.

Source	Relevance to Record Retention
<b>2 CFR § 200.334</b>	Establishes the federal record retention baseline (three years from final expenditure report) and conditions for extension. SLFRF's five-year period derives from the Award Terms and Conditions, not this section.
<b>SLFRF Award Terms and Conditions, ¶ 4(c)</b>	Treasury's binding five-year retention requirement for SLFRF recipients, more stringent than the Uniform Guidance baseline.
<b>Sections 602(c) &amp; 603(c), Social Security Act</b>	Statutory basis for eligible SLFRF uses; records must evidence compliance with these categories.
<b>2 CFR § 200.303</b>	Requires effective internal controls, including robust records management systems.
<b>2 CFR § 200.307</b>	Requirements for maintaining records related to program income earned from SLFRF activities.
<b>2 CFR § 200.313–314</b>	Specific retention requirements for equipment and property records.
<b>2 CFR § 200.332</b>	Subrecipient monitoring and documentation obligations for NEUs that passed funds to subrecipients.
<b>2 CFR § 200.414(f) (2024 revision)</b>	Governs the de minimis indirect cost rate; for awards starting on or after October 1, 2024, the rate is 15% of modified total direct costs (MTDC) for pre-existing awards such as SLFRF,

	confirm applicability with your issuing agency before switching from 10%.
<b>2 CFR § 200.416</b>	Cost allocation plans and indirect cost proposals; retention of NICRA and de minimis rate documentation.
<b>SLFRF Compliance &amp; Reporting Guidance, v10.0 (Apr. 2025)</b>	Treasury's comprehensive compliance guidance, including recordkeeping best practices.
<b>SLFRF Closeout How-To Guide (Sept. 2025)</b>	Step-by-step closeout process; confirms post-closeout retention obligations persist.