

Why is the physical security of financial records important?

Physical security of financial records is important because federal grantees are required to retain all financial records, including supporting documents, statistical records, and all other records relevant to the award, for 3 years after submitting the final expenditure report (Federal Financial Report/SF-425). Federal agency representatives must be able to access and audit the records. The records may be retained in paper and electronic format. It is important to keep financial records:

- ▶ Accurately labeled, including funding source and date
- ▶ Protected from fire/water damage and theft
- ▶ Easily accessible

Physical security of financial records is also important to protect the organization's assets from fraud or theft. This means keeping bank check stock and other negotiable financial documents in a secure location, such as a locked file cabinet.

What are the risks of poor physical security of records?

The risks of poor or inadequate physical security of records include the following:

- ▶ Difficulty locating the most current version of a record
- ▶ Lost or misplaced records
- ▶ Limited access to records
- ▶ Inefficient process to file and locate records
- ▶ Easier access for unauthorized users

What are some good physical security practices?

Consider following these basic security practices to protect financial system records:

- ▶ Have a written record retention plan and use it.
- ▶ Use passwords on electronic files with records.
- ▶ Lock doors and windows of storage areas and file cabinets.
- ▶ Label all files, folders, and boxes so the contents are clear.
- ▶ Equip offices and storage areas with fire and security alarms.
- ▶ Limit access to records to a small number of staff members.
- ▶ Supervise external visitors in your offices and storage areas.



Resources

- ▶ [DOJ Grants Financial Guide](#)

The **Office for Victims of Crime Financial Management Resource Center (OVC FMRC)** offers culturally humble, trauma-informed training and technical assistance to support OVC human trafficking and discretionary grantees. OVC FMRC services focus on enhancing financial management capacity.

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