

Why is physical security of financial records important?

The first reason physical security of financial records is important is Federal grant recipients are required to retain all financial records, including supporting documents, statistical records, and all other records pertinent to the award for **a period of three years** from the date of submission of the final expenditure report (Federal Financial Report/SF-425). The records must be available for examination and audit by federal agency representatives. The records may be retained in both paper and electronic format. It is important to keep financial records:

- ◆ Clearly identified, including funding source and date
- ◆ Protected from fire/water damage and theft
- ◆ Accessible in a timely and efficient manner

The other reason physical security of financial records is important is to protect the assets of the tribal entity 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:

- ◆ Difficulty locating the most current version of a record
- ◆ Lost or misplaced records
- ◆ Access limitations to records
- ◆ Inefficient process to file and locate records
- ◆ Access is easier 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 contents are clear
- ◆ Equip offices and storage areas with fire and security alarms
- ◆ Limit access of records to a small number of staff
- ◆ Supervise external visitors in your offices and storage areas

Resources

- ◆ **TFMC Record Retention Guide Sheet**
https://mcusercontent.com/1603316364d7d2df3ca86736d/files/9469c635-12f2-4061-abb9-342e72f8d145/Internal_Controls.pdf
- ◆ **TFMC Internal Controls and Separation of Duties Guide Sheet**
https://mcusercontent.com/1603316364d7d2df3ca86736d/files/9469c635-12f2-4061-abb9-342e72f8d145/Internal_Controls.pdf

◆ **DOJ Grants Financial Guide**

<https://www.ojp.gov/funding/financialguidedo/overview>



The **OVC Tribal Financial Management Center (OVC TFMC)** provides **training, technical assistance, and resources** to support American Indian and Alaska Native communities as they successfully manage the financial aspects of their federal awards. OVC TFMC also offers support via our Virtual Support Center (VSC) to Office for Victims of Crime (OVC) grantees and those seeking federal funding from OVC for the first time. **Email questions or requests for grant financial management technical assistance to TFMC@OVCTFMC.org** or call **703.462.6900**. Visit OVCTFMC.org for additional resources and information.

Feedback Requested

OVC TFMC will continually work to provide resources to support grantees as they successfully manage their OVC financial awards. Your feedback assists us in creating these resources to meet your needs. To help us provide the most useful resources, we would appreciate your feedback on this guide sheet. Please send any comments or suggestions to Evaluation@OVCTFMC.org.

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◆ Building Organizational Financial Management Capacity ◆

