

STATE OF NEW JERSEY • DEPARTMENT OF COMMUNITY AFFAIRS
SANDY RECOVERY DIVISION

SUBJECT: File Management and Record Keeping

NUMBER: 2.10.19

EFFECTIVE: June 2013
REVISED: December 2016
REVISED: May 2017

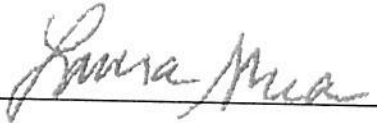
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APPROVAL



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PURPOSE:

To outline the policy for the Department of Community Affairs to establish the Recordkeeping and File Management standards in accordance with the requirements for the U. S. Department of Housing and Urban Development (HUD) Community Development Block Grant – Disaster Recovery (CDBG-DR) Program found at 24 CFR 570.490 – Recordkeeping Requirements, and 24 CFR Part 570.506 – Records to be Maintained, along with the Federal Register Notice (FR-5696-N-01) pertaining to funds awarded in response to Superstorm Sandy.

POLICY:

The standard recordkeeping requirements pertaining to the HUD CDBG-DR Program are found in nearly every aspect of program implementation as it is necessary to document compliance with a variety of applicable laws, regulations and requirements, including but not limited to, providing funds for eligible activities, meeting a national objective, demonstrating financial management, and evidencing compliance with the environmental review process.

In the State of New Jersey (State), the Destruction of Public Records Act (1953) created the State Records Committee and gave it the final authority involving public records. The State Records Committee consists of representatives of the State Attorney General, State Auditor, State Treasurer, Director of Local Government Services, and the Director of the Division of Archives and Records Management (DARM).

Effective July 1, 2012, the records management, records storage, imaging and micrographic functions of the DARM were transferred to the Division of Revenue and Enterprise Services (DORES) in the Department of the Treasury. The New Jersey State Archives remains in the

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Department of State.

In certain instances, HUD has provided waivers and alternative requirements to relevant regulatory provisions for grants provided under the Federal Notices issued for the Sandy Recovery Program. In order to meet the requirements for the CDBG-DR Program, along with the Robert T. Stafford Disaster Relief and Emergency Assistance Act of 1974 "Stafford Act" and the provisions of the Disaster Relief Appropriations Act of 2013, the following section has been added to describe any waivers or alternative requirements as they pertain to recordkeeping and record retention. Note that wherever a conflict occurs between the existing regulations and the special requirements as found in the Stafford Act and the Disaster Relief Appropriations Act of 2013, the latter shall take precedence.

DISASTER RECOVERY WAIVERS OR ALTERNATE REQUIREMENTS:

Recordkeeping. When the State carries out activities directly, 24 CFR 570.490(b) is waived and the following alternative provision will apply: the State shall establish and maintain such records as may be necessary to facilitate review and audit by HUD of the State's administration of CDBG-DR funds under 24 CFR 570.493. Consistent with applicable statutes, regulations, waivers and alternative requirements, as well as other Federal requirements, the content of records maintained by the State will be sufficient to: enable HUD to make the applicable determinations described at 24 CFR 570.493; make compliance determinations for activities carried out directly by the State; and show how activities funded are consistent with the descriptions of activities proposed for funding in the CDBG-DR Action Plan and/or Disaster Recovery Grants Reporting (DRGR) system. For fair housing and equal opportunity purposes, and as applicable, such records shall include data on the racial, ethnic, and gender characteristics of persons who are applicants for, participants in, or beneficiaries of recovery programs.

I. RECORDKEEPING OVERVIEW

Accurate recordkeeping will be essential to the successful management of CDBG-DR funded activities. Insufficient documentation is likely to lead to monitoring findings, and these findings will be more difficult to resolve if records are missing, inadequate or inaccurate. To assess strengths and weaknesses in this area, the State will ensure that:

- There is a clearly defined process for acquiring, organizing, storing, retrieving, and

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reporting information for all CDBG-DR funded activities;

- Documentation and reporting systems will meet HUD requirements;
- All staff responsible for recordkeeping and reporting are properly trained and supported;
- The requirement for the removal of duplicative records to streamline the recordkeeping and reporting process is incorporated into all standardized procedures; and
- To the extent feasible, records and reports will be automated (i.e., computerized and/or electronically stored) to make recordkeeping processes more efficient and easily retrievable.

The State is required to keep records for the CDBG-DR programs and/or document compliance by their funded entities, including subrecipients, contractors/subcontractors, individual recipients and units of local government. The entities administering funds at the sub-grantee or subrecipient level are responsible for the retention of records that pertain to their programs. The following records will be maintained for the CDBG-DR programs:

1. General Administrative Recordkeeping;
2. Financial Recordkeeping; and
3. Project/Activity Recordkeeping.

II. GENERAL ADMINISTRATIVE RECORDKEEPING

The State and its sub-grantees or subrecipients will maintain files and records that relate to the overall administration of the CDBG-DR programs. These records will include, but are not limited to, the following:

- The CDBG-DR Action Plan submission to HUD, including any amendments thereto;
- Executed grant agreements or memoranda of understanding;
- Description, location, and budget of each funded activity;
- Eligibility and national objective determinations for each activity;
- Personnel files;
- Property management files;
- HUD monitoring correspondence;
- Citizen participation compliance documentation;
- Fair Housing and Equal Opportunity records;

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- Environmental review records; and
- Documentation of compliance with other Federal requirements, including but not limited to:
 - Davis-Bacon Prevailing Wage requirements;
 - Uniform Relocation Act;
 - Lead Safe Housing Rule;
 - Employment/Economic Opportunity for Lower Income Persons (Section 3);
 - Section 504 of the Rehabilitation Act of 1973;
 - Americans with Disabilities Act; and
 - Employment and Contracting (Minority and Women’s Business Enterprise).

III. FINANCIAL RECORDKEEPING

Financial recordkeeping is one of the primary areas subject to HUD reviews and one in which inadequate recordkeeping can lead to non-compliance. Entities administering CDBG-DR programs will maintain financial records that include, but are not limited to:

- Chart of accounts;
- Manual on accounting procedures;
- Accounting journals and ledgers;
- Source documentation (purchase orders, invoices, or canceled checks);
- Real property inventory;
- Bank account records (including revolving loan fund records, if applicable);
- Draw down requests;
- Payroll records and reports;
- Financial reports;
- Audit files; and
- Relevant financial correspondence.

The financial administration of the CDBG-DR funding will be handled by the DCA Sandy Recovery Division staff who have requisite accounting skills.

IV. PROJECT/ACTIVITY RECORDKEEPING

For each activity undertaken, the State and other entities administering CDBG-DR programs

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will determine what records must be maintained for individual project/activity files and establish Sandy Recovery Division requirements to ensure that every project/activity file contains the necessary information. Each project/activity file will, at a minimum, include the following types of documentation:

- Eligibility of the activity or project;
- Evidence of having met a national objective (see below);
- Subrecipient Agreement or Memorandum of Understanding, if applicable;
- Procurement documentation, including any bids or contracts;
- Characteristics and locations of the beneficiaries;
- Compliance with special program requirements, including environmental review records;
- Budget and expenditure information (including draw requests); and
- Status of the activity or project.

A. National Objective - Low and Moderate Income (LMI) Area Benefit. The State will maintain the following records regarding LMI areas qualifying under the area benefit national objective:

- Boundaries of the service area; and
- Income characteristics of residents of the entire service area.

B. National Objective – Low and Moderate Income Limited Clientele. The State or its respective funded entity will maintain the following records regarding limited clientele activities:

- Documentation showing that the activity is designed for and used by a segment of the population presumed by HUD to be LMI persons; or
- Documentation describing how the nature and if applicable, the location of the activity establishes use predominantly by LMI persons; or
- Data showing the size and annual income of the family for each person receiving the benefit, and data showing that at least 51% of those served are LMI; or
- Data showing that the activity is a special project removing accessibility barriers in the limited cases described above.

C. National Objective – Low and Moderate Income Housing. The State or its respective funded entity will maintain the following records on housing activities:

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- A copy of the written agreement with each landlord or developer receiving CDBG-DR assistance indicating the total number of dwelling units in each multi-unit structure assisted, and the number of those units to be occupied by LMI households after assistance;
- The total cost of the activity, including both CDBG-DR and non-CDBG-DR funds;
- For each unit occupied by a LMI household, the size, ethnicity and income of the household.
- For rental housing only:
 - Rent charged (or to be charged) for each dwelling unit in each structure assisted; and
 - Information as necessary to show the affordability of units occupied (or to be occupied) by LMI households, pursuant to criteria established and made public by the State.
- Evidence of commitments ensuring that the criteria in §570.483(b)(3) will be met when structures are built on each property, or property is acquired with no structures;
- Records documenting that the activity qualified under the exception criteria for new construction of non-elderly, multi-unit housing, when applicable.

D. National Objective – Low and Moderate Income Job Creation/Retention. For the purpose of qualifying LMI jobs benefit, the CDBG-DR program will consider the person “income-qualified” if the annual wages or salary of the job created or retained is at or below the HUD-established income limit for a one-person family for the urban county in which the business is located. Records to be maintained for job creation activities must identify the following for each person employed:

- Name of the business;
- Address of the business;
- Type of job;
- Number of hours (full-time or part-time); and
- Annual wages or salary of the job.

Additionally, an entity funded with CDBG-DR program assistance will maintain documentation that demonstrates the following:

- Creation and retention of total jobs;

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- Number of jobs within certain salary ranges;
- Average amount of assistance provided per job by activity or program;
- North American Industry Classification System (NAICS) code for each business assisted; and
- Type of jobs.

Documentation for each assisted business shall include a copy of a written agreement, containing:

- A written commitment from the business that it will make at least 51 percent of Full-Time Equivalent (FTE) jobs available to LMI persons and will provide training for jobs requiring special skills or education;
- A listing, organized by job title and annual salary or wage, for the permanent jobs to be created. The listing will indicate which jobs are available to LMI persons, which jobs require special skills or education, and which jobs are part-time;
- A description of the actions to be taken by the business to ensure that LMI persons receive first consideration for these jobs; and
- A listing, organized by job title, of the permanent jobs filled, the jobs available to LMI persons, and a description of how first consideration for jobs was given to LMI persons.

The description should include the type of hiring process used, the names of LMI persons interviewed for a particular job, and the names of LMI interviewees hired.

For benefit based on job retention, the following documentation will be maintained:

- Evidence that, in the absence of CDBG-DR assistance, the jobs would be lost;
- A listing organized by job title and salary or wage of permanent jobs retained, indicating which of those jobs are part-time and (where it is known) which are held by LMI persons at the time the assistance is provided to each business;
- When applicable, identification of any retained jobs (other than those known to be held by LMI persons) projected to be made available to LMI persons through job turnover within two years of the date CDBG-DR assistance is provided. This will include information on how the turnover projections were calculated; and
- For jobs claimed to be available to LMI persons based on job turnover, documentation will include a description of items required for the "available to" jobs identified above; a

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listing of each job turned over to date, including which jobs were either taken by, or made available to LMI persons; and a description of how "first consideration" for those jobs was given to LMI persons.

G. National Objective - Urgent Need. Records to be maintained for urgent need activities include:

- Documentation concerning the nature and degree of seriousness of the condition requiring assistance;
- Evidence of the State certifying that the CDBG-DR activity was designed to address the urgent need;
- Information regarding the timing over which the serious condition developed; and
- Evidence confirming that other financial resources to alleviate the need were not available.

V. DETERMINING AND DOCUMENTING INCOME

Under the CDBG-DR program, the State elected to utilize, on an activity by activity basis, either of the following definitions of income:

- Annual income as defined under the Section 8 Housing Assistance Payments Program (24 CFR 5.609); or
- Adjusted gross income as defined for purposes of reporting under Internal Revenue Service (IRS) Form 1040 for individual Federal annual income tax purposes.

The State will determine annual income for a person, family or a household for direct benefit activities only. Direct benefit activities include activities such as homeownership assistance, resettlement incentive, or receipt of public services. Please note that income documentation should be collected for these activities, but they do not require third party verification (e.g., verification of employment); however, each beneficiary shall certify to annual income and provide sufficient supporting documentation at the time assistance is provided.

Documentation requirements for a family and a household are listed below:

- Family: the State needs documentation for all national objectives except for LMI

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housing.

- Household: the State needs documentation necessary for LMI housing.

To determine whether program applicants are income-eligible, the State will utilize the following methods:

- Obtain evidence that the household/person assisted qualified under another government means tested program (such as Job Training Partnership Act, Temporary Assistance to Needy Families (TANF) or welfare programs) to have income qualification criteria at least as restrictive as that used in the definitions of LMI household/person; or
- Obtain evidence that the assisted person is homeless; or
- Obtain a verifiable certification from the assisted person that his/her family income does not exceed the applicable income limit; or
- Obtain a referral from a State, county or local employment agency or other entity agreeing to a) refer individuals determined to be LMI persons according to HUD's criteria and b) maintain documentation supporting these determinations.

CONTRACTOR RECORDS

Contractors engaged by State agencies, units of local government, or boards or commissions shall maintain records for products and/or services delivered against any contract for a period after the date of final payment that corresponds to the retention requirements of that contracting entity (i.e., the State agency, unit of local government, board or commission for which the work was completed), unless otherwise specified for a longer term in the procurement. These records may include, but are not limited to, books, records or other documents relevant to the contract and the funds expended hereunder as required by applicable Federal, HUD or State regulations.

All programmatic records, reports, documents or other material resulting from the CDBG-DR funded work and not related to the contract, itself, shall be turned over to the contracting entity at the termination of the contract, or earlier, at the discretion of the contracting entity.

CROSS-CUTTING RECORDS

The State is responsible for developing and maintaining such records, as well as establishing

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recordkeeping requirements so that information or data collected is sufficient for HUD to carry out its review responsibilities. The State and entities administering CDBG-DR programs shall maintain the following cross-cutting records:

- Civil Rights
- Labor Standards
- Relocation, Replacement Housing, and Real Property
- Acquisition
- Environment

Records kept by the State and its funded entities will include data on the racial, ethnic, and gender characteristics of applicants, participants, and beneficiaries of the program.

VI. RECORD RETENTION PERIOD

Pursuant to 24 CFR 570.490(2) Record Retention: Records of the State and units of local government shall be retained for the greater of three (3) years from closeout of the grant to the State, or the period required by other applicable laws and regulations as described in §570.487 and §570.488. For State agencies, Counties, Universities and Colleges, the period of record retention for Federal grants shall be no less than that approved by the State Records Committee, which is seven (7) years after termination of grant or receipt of award; for Municipalities it is six (6) years. These funded entities shall be responsible for incorporating the aforementioned records into the State approved retention schedule, including standards prescribed in said schedule for disposition. The State General Retention Schedule is G100000 and for Federal grants received by the State, the applicable Record Series is #0406-0001.

Affirming the three (3) year retention period for records pertinent to a Federal award, 2 CFR 200.333 is clear that “Federal awarding agencies and pass-through entities must not impose any other record retention requirements upon non-Federal entities” (with certain exceptions). Therefore, for non-Federal entities not subject to State retention requirements, unless other applicable laws and regulations exceed the Federal requirements, the three (3) year minimum retention period shall apply.

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IX. RECORDS MANAGEMENT SYSTEMS

All record management systems, in accordance with the standards established by the State in accordance with N.J.A.C. 15:3 et seq., shall to the maximum extent possible, adopt and use effective and efficient systems, including automated electronic records systems, to record, file, register, index, process and provide access to CDBG-DR activity or program records. These systems must achieve the following objectives related to all records maintained within:

- Records are retrievable;
- Records are unalterable; and
- Records are accessible.

All record management systems shall conform to the standards and record management practices set for by the State found in N.J.A.C. 15:3. Specifically, these standards update the requirements for standard file formats and compression algorithms, with emphasis on those that are actively supported by the information technology industry, and that allow for the interchange of documents with other systems. Recommended formats include, but are not limited to, single-page Tagged Image File Format (TIFF) with CCITT Group III or IV compression, Portable Network Format (PNG) for grayscale or color images, PDF/A, and Open Document Architecture/Open Document Interchange Format (ODA/ODIF) for text.

Additionally, imaging systems shall have the ability to store at least one unaltered version of the public records pertaining to the CDBG-DR funded activity or program, as scanned, except for standard computer-enhancement routines used to improve the legibility of scanned documents. Any image processing system, utilized by either a State agency or a funded entity, that is used to create, store, or maintain activity or program records must have sufficient capability to guard against the risk of records loss due to the obsolescence of the underlying technology.

X. ACCESS TO RECORDS

HUD and the Comptroller General of the United States, or their authorized representatives, have the right to access program records from the State and its funded entities. This right is not limited to the retention period discussed above. The State is required to provide citizens with reasonable access to records concerning past use of CDBG-DR funds, consistent with applicable State and local laws regarding privacy and confidentiality.

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XI. STATE OF NEW JERSEY RECORDKEEPING OBJECTIVES

The objectives of a records management program are to ensure that records serve their intended purpose as efficiently and economically as possible and to provide for proper disposal of records having served their purposes. A records management program provides the means of controlling records beginning with their creation or receipt, continuing through organization and maintenance, and concluding with disposition. The coordination of the records management process for State, county, and municipal governments in New Jersey is the responsibility of the the State Records Committee and the DORES.

XII. STATE OF NEW JERSEY RECORDS MANAGEMENT PROCESS

A. Records Inventory. Record holdings must be inventoried before appropriate controls can be instituted. An inventory is a complete listing of records by record series, together with necessary descriptions and supporting information. A record series is a group of identical or related records that are normally filed together and can be evaluated as a unit to determine how long they should be maintained. The applicable record series for Federal grants received by the State is Record Series #0406-0001. Record series can be found in the State Agency General Retention Schedule (including Financial, Personnel, General Administrative, Agency Related Policy, Legislation, Operating Procedures & Reporting and Publications) on file with the Department Records Retention Coordinator or on the DORES website:

<http://www.nj.gov/treasury/revenue/rms/recman.shtml>.

The inventory should describe the general function and overall contents of records. It should also identify the record medium (e.g., paper, disk or electronic storage system), size filing method, reference rate current volume, and annual accumulation. All of this information should be noted on a records series inventory form.

Although inventory data is used primarily for retention scheduling, it plays a crucial role in other aspects of record management. Issues to be addressed when considering protocols for retention scheduling (notwithstanding State record retention requirements) include:

- Accumulation rates to be used when deciding the best record management system for a record series;

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- Filing methods to reduce or eliminate problems with retrieval; and
- When to transfer records to archive storage (based on frequency of use).

Given the frequency at which data collection and processing requirements change, inventories and schedules should be reviewed every one (1) to five (5) years.

Sandy Recovery Division staff shall assist State agencies, units of local government, boards and commissions and contractors, along with any other funded entity on a periodic basis to aid them to ensure that their record management systems conform to current requirements and standards.

B. Records Retention Schedules. After records are inventoried, they are placed on “records retention schedules.” Every record series on a schedule is assigned:

- An item number;
- A title and brief description of function and content, including appropriate form numbers or applicable statutory references;
- A retention period – the length of time the record must be maintained and, in some cases, how long it may be kept in semi-current storage at the New Jersey Records Storage Center (RSC); and
- A final disposition – destruction, permanent maintenance by the office of origin, or transfer to the State Archives. Records become eligible for disposition as of *December 31st* of the year indicated in the Records Retention Disposition Table.

The scheduling process is ongoing and involves close cooperation between DORES and the Department Records Retention Coordinator. All State agencies, units of local government, and boards and commissions have already been placed on record retention schedules by DORES analysts. These schedules include:

- Specific schedules that list record series unique to a particular, discrete subdivision of State government; and
- The “General Records Schedule for All State Agencies,” which lists records common to most offices (e.g., correspondence, invoices, personnel files and records) and are retained in an electronic and/or paper format.

Note: The general schedule applies to all State agencies that are administered fiscally through

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the State Treasury. Authorities and other fiscally independent organizations can elect to use the general schedule, or to have general schedule items listed in their specific schedules.

C. Electronic Records. The record management system in which information is stored does not eliminate the statutory or regulatory requirements for scheduling, maintaining, and disposing of public records.

- UETA Guidance: Record Management Guidance for Agencies Implementing Electronic Signature Technologies, Circular Letter 01-01-ST; and
- Managing Electronic Mail: Guidelines & Best Practices, Circular Letter 03-01-ST.

D. Records Disposition. Defined as:

- Physical destruction – by shredding, burning, discarding, or recycling; and
- Transfer of ownership – by awarding custody to the State Archives.

Note: All public agencies must submit a proposal in Artemis, the State's record disposal system, before disposing of retained records.