



NATIONAL CREDIT UNION ADMINISTRATION
Washington, D.C. 20456

GC/RP:32
4500

August 21, 1987

Office of General Counsel

Mr. R. D. Ramirez, Vice President Finance
DM Federal Credit Union
Post Office Box 15115
Tucson, Arizona 85708

Dear Mr. Ramirez:

This is in response to your letter concerning the retention requirements for daily transaction receipt vouchers. Please excuse our delayed reply.

The records you describe are records of original entry which are not a part of the off-site records preservation program described in Section 5190.1 of the Accounting Manual. Part 749 of the NCUA Rules and Regulations (12 C.F.R. Part 749) prescribes the duplicate vital records which must be stored, the frequency of storage, and the time limits within which Federally insured credit unions must comply. The list of vital records described in Section 749.2 does not include or encompass daily transaction receipt vouchers. Therefore, you would not be required by the NCUA Rules and Regulations to duplicate and store copies of these documents to meet the Part 749 Records Preservation Program.

However, records that are not a part of the records preservation program under Section 749 of the NCUA Rules and Regulations may be included as vital records under Section 748.0 of the NCUA Rules and Regulation. Part 748.0 of the NCUA Rules and Regulation requires the formulation of a written security program. The security program must be developed to prevent the destruction of vital records of the credit union. The program may consist of storing the vital records in a fire resistant container or fire resistant vault prior to the securing of the office or building at the end of each day. For the purposes of Section 748.0, the following records are considered vital. (See Section 5180.1 of the Accounting Manual):

- (1) Cash journals and other books of original entry.
- (2) General ledger and supporting subsidiary ledgers, including members' individual share and loan ledgers.

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(3) Loan notes and supporting documents if the loss of such instruments would preclude the credit union from collecting the outstanding balances of the loans.

(4) Securities, certificates, and other documents which are evidence of investments owned by the credit union.

(5) Minutes of the board, credit committee, and other committees which represent the historical actions of management.

(6) Charter, bylaws, and related amendments.

(7) Other records (as determined by management) of a vital nature where reconstruction would not be feasible in the event of destruction.

If your credit union determines that the specific accounting records you refer to in your letter are records of a vital nature, where reconstruction would not be feasible in the event of destruction, then such records would have to be stored in a fire resistant container or fire resistant vault. The prior version of Section 748 listed specific standards for fire-resistant vaults and containers and read in part as follows:

Fire-resistant vaults used for the protection of federally insured credit unions' records as determined by the Board of Directors shall be constructed in accordance with specifications established by the National Fire Protection Association for a Class 2-hour rating and must comply with any other applicable local fire regulations. As a minimum, fire-resistant vault doors shall be listed with the Underwriters Laboratories as a 2-hour vault door and frame and equipped with an Underwriters Laboratories listed Group 2 combination lock. Fire-resistant containers used for the protection of such records shall meet the minimum specifications established by the Underwriters Laboratories for a UL 1-hour label. For the purpose of certification that fire-resistant vaults or containers meet these standards, a written certification from a contractor, manufacturer, or supplier to the credit union

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that the equipment equals or exceeds the requirements established above will satisfy the federally insured credit union's compliance with this regulation.

You should note that records which pertain to any member's account should not be destroyed unless the account has been appropriately reviewed by the supervisory committee. (See Section 5190.03 of the Accounting Manual.) Additionally, certain nonpermanent records must be retained pursuant to various Federal and state laws for a specified period of time.

In conclusion, within certain broad guidelines and definitions as provided in the NCUA Rules and Regulations, the determination of what constitutes a vital records is left to the discretion of the FCU board. If you determine the accounting records you describe in your letter are vital records, they should be retained in a fire-resistant container or vault for a time period determined by your board of directors. The FCU board of directors should decide how long to retain the documents depending upon state and Federal laws, internal audit periods, and supervisory examination by the NCUA. You would not be required to retain multiple copies of these records in two different locations pursuant to 12 C.F.R. Part 749.

I hope that we have been of assistance.

Sincerely,

STEVEN R. BISKER
Assistant General Counsel

RD:sg