



March 14, 2025

Financial Records and Audits

Dear Reader:

The following document was created from the CTAS website (ctas.tennessee.edu). This website is maintained by CTAS staff and seeks to represent the most current information regarding issues relative to Tennessee county government.

We hope this information will be useful to you; reference to it will assist you with many of the questions that will arise in your tenure with county government. However, the *Tennessee Code Annotated* and other relevant laws or regulations should always be consulted before any action is taken based upon the contents of this document.

Please feel free to contact us if you have questions or comments regarding this information or any other CTAS website material.

Sincerely,

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One important group of such records are those financial records that are needed for an audit. Most financial records of county offices are temporary records that must always be kept at least as long as is required for audit purposes. Regardless of whether or not an official thinks a financial or accounting record has served its useful purpose, it cannot be destroyed if the office of the comptroller deems it necessary for audit purposes.^[1] You will notice that most financial records listed in the retention schedules have a five-year retention period. This standard is based on the recommendation of the Division of County Audit in the Office of the Comptroller. Records that are important for audits need to be maintained through the time of the audit plus about three years afterwards in case any problems turn up. Formerly, the retention period for these records was based on keeping them for three years after the audit is complete. Since it was often difficult for a local official to know when an audit became final, the retention period was changed to five years from the date of creation of the record. This gives the official a definite time period to work from and also allows continuous destruction of financial records rather than lumping all records from a fiscal year together with a single retention date. Generally, this five-year period should suffice; however, if directed by the comptroller's office to preserve records for a longer period due to an ongoing audit investigation or some other unusual circumstance, the local official should comply.^[2]

[1] T.C.A. § 10-7-404(a).

[2] T.C.A. § 10-7-404(a).

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