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Digital Deposits - Retention and Destruction of Items: Industry Best Practices

Our clients who use our Digital Deposit Service must use this service appropriately and for legal purposes. They must also retain the original paper items used to make digital deposits at National Bank. We would like to share a few industry best practices to guide you in setting up controls in your business, should you be interested.

Retention and management of paper cheques

As a National Bank client and user of our digital deposit service, you are required to keep the original documents in a secure location. We recommend that these documents be kept in a locked place, ideally fire-proof, and restricted to the people responsible.

Original cheques should be placed in a secure location for a reasonable period of time after they have been transferred to National Bank via digital deposit. We recommend to store them for a minimum of five (5) days and a maximum of fifteen (15) days. After that, the original documents should be destroyed.

Once the item has been scanned, even though the Digital Deposit solution can detect duplicates over a 180 day period, we suggest you add a note to the cheque indicating that it was deposited electronically (e.g., “deposited digitally”). This will reduce the risk of errors.

Storage bags

National Bank recommends you store your cheques in sealed plastic bags that cannot be re-opened, as an extra method of control. Every bag should be identified with a unique number and destruction date. These bags will help you manage how cheques are stored before they are destroyed, ensuring that no cheque has been stolen or misplaced.

We also suggest you create a deposit log to record deposit dates, bag numbers, the amount deposited, employee’s name, date of destruction, etc. This log could be combined with the reports available via the Digital Deposit solution. The “Deposit name” field allows users to identify the deposit.

Destruction of cheques

After 15 days, you should destroy the original cheques.

Cheques can be destroyed at your place of business by you or your employees, or by an external service provider. It is up to you to choose the best solution for you:

- If you have few cheques to be destroyed daily or weekly, your employees could be responsible.
- Do you have the time or enough employees to do it?
- Have you compared the cost of an employee to the cost of destruction by an external service provider?

Destruction of original documents internally or by an external service provider

Here is some advice for the destruction of original documents, whichever method you choose:

1. Select the bags of cheques to be destroyed. Verify that the information on the bags is identical to that in the deposit log.

2. Place the bag and its content in the secure container provided by your external service provider, or open the bag and shred its content, if you have decided to do it yourself.

3. Add the following information to the deposit log:

- i. Destruction date
- ii. Employee's name
- iii. Employee's initials

Documentation on the retention and destruction of cheques

We recommend you keep in writing the procedure for the retention and destruction of original documents used for digital deposits at National Bank for control and information accuracy purposes.

We also recommend you check that:

- The deposit amount has been credited to your account
- The reconciliation of your account entries has been done
- The information on the cheques has not been altered before scanning
- The image submitted is good quality
- The amounts submitted have been endorsed
- The scanner is working properly

We also suggest that you regularly review your regulations and procedures on scanning, retention and destruction of scanned cheques to ensure all instructions are understood and followed by your employees using this service. Plan some training sessions or send your employees reminders of these instructions.