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Cc: Sackett, Scott
Subject: On Records Series and Customer Authorizations

To the Records Powers That Be:

While I am aware that financial management series are not at this time scheduled for revision in either the CORE or Utility Services Retention Schedule, I am still motivated to address a developing concern for a record common to the utility industry: automatic withdrawal, or Automated Clearing House (ACH) authorizations. Every customer service department offers customers the opportunity to conveniently schedule an automatic withdrawal of their bill payment from a credit card or bank account each month. I have been instructed by staff at the Central Washington Regional Archives branch that the authorizations for this process fall under the series *Contracts and Agreements – General* (DAN GS50-01-11). Applying retention for this series would have records managers retain the ACH customer authorization forms for six years following termination of the authorization, constituted either by change of account information, a request to cease automatic withdrawal, or closure of the account.

I will speak first to my own agency's personal difficulty in applying this retention to our ACH forms. Our customer service department receives hundreds of these forms each year and they are boxed and stored as a group according to the year in which they were received. There is no organizational rhyme or reason to the boxes besides a label indicating their year of receipt. When the box is full, it is sent to our records storage center. The termination date of each ACH form received in a given year will obviously vary wildly—one customer may close their account within eight months while another may continue that automatic withdrawal for eight years. Accordingly, our customer service department would have to constantly be pulling and searching through these boxes in the event of any ACH change or termination.

We have discussed implementing a number of different process changes for handling these forms in the future, including but not limited to:

- changing third-party vendors and requiring that new permissions for automatic withdrawal be handled by the vendor, thereby removing us from the process;
- adopting an arbitrary expiration date for these forms—five years valid, for example—and then at maximum each form in a box for that year would be eligible for destruction 11 years in the future;
- eliminating the option for authorizing automatic withdrawal via a paper form.

There are several concerns with these options for handling the records. First, any process change going forward would not address the decade (or more) backlog of records in storage. Eliminating paper forms and changing vendors would prevent the problem in the future, but we would still have all the past forms to manage, and any solutions considered thus far for approaching the backlog have been cost-/time-prohibitive. Second, the most convenient method of addressing the backlog (an arbitrary expiration date) would significantly inconvenience both the customer and our customer service department. We would need to contact each customer as their ACH authorization "expires" and request that they resubmit another authorization which we would then process again, at the rate of hundreds each year. Finally, any inconvenience to our customers is a huge concern. We serve them and they expect convenience when they sign up for automatic withdrawal—we are understandably reluctant to penalize our customers with this request solely in order to meet a retention requirement that we believe to be excessive.

The Washington Public Utility District Association hosted a Records Roundtable for utility members at the end of May in Richland. I spoke to the group about my concerns managing my agency's ACH forms; I wanted to know how they managed their own ACH records, and sought their perspective and prospective solutions. The ensuing discussion surprised me. The group as a whole—these are people working for public utilities that have records management as one of their job responsibilities—sympathized with the problem and were just as much at a loss for a way to easily address the backlog while not inconveniencing their customers or staff with future changes. Treating ACH authorizations like a contract or agreement seems to force records accommodation above and beyond normal records management.

One utility had even taken steps to eliminate these records entirely from their business. They switched to a third party vendor that would work directly with the customer to enroll in ACH and then declared all current ACH authorizations invalid as of a certain date, afterwards requiring every interested customer to sign up again through the website. This started all their ACH records on a six-year countdown to destruction. The work involved to switch vendors and direct every customer to reauthorize automatic withdrawal was a significant endeavor (and daunting, in my opinion) but their motivation was even more significant: Payment Card Industry (PCI) compliance.

These are records that must meet an established set of security standards due to the payment information provided. This particular PUD had been advised that they should not even have these records in their custody so as not to be at risk of noncompliance. Another PUD echoed this concern and spoke to their recent research into theft and the cost of providing credit monitoring to any affected customers. These are the sort of records that should not be over-retained for convenience. If a PUD is not currently able to make the types of sweeping and imminently effective accommodations and process changes that this PUD described, they are facing significant risk in retaining their backlog until it can be processed.

I feel that ACH authorizations are a unique exception to the “contract and agreement” anyway. Yes, the forms authorize a withdrawal of payment. With or without this authorization, however, the need to provide the payment for power used is not in dispute. If the agency were not authorized to withdraw that amount, the customer would still be required to pay it. I believe any objection to the authorization (and need to prove permission for withdrawal) should be tied to their ability to object to the bill itself. Billing statements are required to be kept for six years after end of fiscal year. Applying a straight six-year retention to the ACH authorizations as well would give a customer six years to notice and object to an erroneous automatic withdrawal. That is 72 monthly payments. What are the chances that after 73 automatic withdrawals, a customer would suddenly decide this wasn’t authorized? And what would the repercussions be? The amount paid after 72 months was due one way or another. There is even support and precedent for a “six years after end of fiscal year” retention period for ACH records already within the CORE. *Banking – Accounts and Transactions* (DAN GS2011-185) lists deposits and withdrawals including ACH specifically and uses this retention.

I do not believe the spirit of GS50-01-11 was intended to encompass these sorts of customer authorizations. To wit, nowhere in the lengthy series description does it mention authorizations. It also states at the very beginning that contracts and agreements are “instruments *signed by the agency* and one or more parties that set out terms and conditions to which the signing parties agree or submit”—the utility agency does not sign these authorizations, we merely accept them. The same frustrating and difficult application of GS50-01-11 has also been prescribed to me for several other types of customer authorizations:

- Helping Hands forms – small cards customers can fill out and submit with their bill authorizing an ongoing additional monthly charge to their account (in an amount of their choosing--\$1, \$2, \$5, etc.) to assist other customers who need help affording their electricity;
- Green Power forms – small cards customers can fill out and submit with their bill authorizing an ongoing additional monthly charge to their account (in an amount of their choosing--\$1, \$2, \$5, etc.) that helps fund renewable energy initiatives;
- Power of Attorney and Probate legal documents that customers bring in to authorize the ability of one individual to make actions on an account belonging to another individual.

The Helping Hands and Green Power forms especially are in place to provide a benefit to our community. The programs are charitable in nature and my agency would hate to eliminate them simply because of difficult-to-apply records retention requirements. Nevertheless, that is an option we have had to discuss. These are yet another customer authorization where it makes good sense to match their retention to the billing statements. Customers would have six years to object to the increased amount and thus the authorization. That is a long time for a customer to not pay attention to their bill and notice an error.

For all of these reasons, I believe it would be highly beneficial to public utilities if a series could be added to the Utility Services Records Retention Schedule providing for **Customer Account Authorizations** and mandating a retention of **six years after end of fiscal year**. This would solve a problem I have encountered on multiple occasions during the year I have worked in records management at a public utility district and it would solve a problem other PUDs have been aware of and likewise have struggled with for longer still. Records retention should be something that fits an industry standard record and business process, not something everybody has to bend over backward to accommodate or even take action to avoid entirely.

Finally, in service of a much smaller concern, the Utilities Accounting section of the Utility Services Records Retention Schedule (pgs. 45-47) has for some time been marked as GLOSSARY in the helpful footer that indicates each section. As I hope you will be making an edit/addition to this section in the near future, it might also be convenient timing to correct that item as well.

Please feel free to contact with me with any questions and thank you for your consideration.

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1.5 CONTRACTS/AGREEMENTS

The activity of managing contracts and agreements entered into by the local government agency and processes involved in the development of such contracts and agreements.

DISPOSITION AUTHORITY NUMBER (DAN)	DESCRIPTION OF RECORDS	RETENTION AND DISPOSITION ACTION	DESIGNATION
GS50-01-11 Rev. 3	<p><i>Contracts and Agreements - General</i> Instruments signed by the agency and one or more parties that set out terms and conditions to which the signing parties agree or submit, <i>and that do not establish, alter, or abolish ownership of capital assets.</i> Includes negotiations, change orders, compliance monitoring, etc.</p> <p>Includes, but is not limited to:</p> <ul style="list-style-type: none"> • Fidelity and surety coverage bonds (including bonds of elected & appointed officials); • Inter-agency, intra-agency, inter-governmental, inter-local agreements; • Lease, escrow, and rental agreements; • Lending agreements (facility, equipment, vehicle, etc.); • Liability waivers (hold harmless, insurance, etc.); • Loan agreements (long-term debt, etc.); • Master depository contract (banking); • Ongoing exemptions/discounts/rate reductions (utilities, property taxes, etc.); • Personal service, client service, purchasing agreements; • Purchase and sales agreements (non-capital asset purchases only); • Vendor bonds; • Warranties. <p>Excludes contracts & agreements covered more specifically in <i>CORE</i> or sector schedules such as:</p> <ul style="list-style-type: none"> • Contracts and agreements relating to real property capital assets (GS55-05A-06) and non-real property capital assets (GS2011-169); • Other bond, grant and levy project contracts and agreements covered by GS2011-183; • Public records transfer agreements with Washington State Archives covered by GS2010-021. 	<p>Retain for 6 years after completion of transaction or termination/expiration of instrument <i>then</i> Destroy.</p>	<p>NON-ARCHIVAL -ESSENTIAL OPR</p>



3.4 BANKING

The activity of transacting monetary exchanges with a financial institution.

DISPOSITION AUTHORITY NUMBER (DAN)	DESCRIPTION OF RECORDS	RETENTION AND DISPOSITION ACTION	DESIGNATION
GS2011-185 Rev. 0	<p>Banking – Accounts and Transactions Records relating to the agency’s banking activities and documenting its banking transactions. Includes, but is not limited to:</p> <ul style="list-style-type: none"> • Deposits and withdrawals (including Electronic Funds Transfers (EFT), International Money Transfers (IMT), Automated Clearing House (ACH), etc.); • Statements (bank, dividend, investment, etc.) and reconciliations; • Records documenting the status of and adjustments to accounts; • Stop payment reports/requests (and supporting documentation); • Checks and warrants <u>issued by</u> the agency (if returned by bank). <p>Excludes:</p> <ul style="list-style-type: none"> • Master depository contracts covered by GS50-01-11. • Cancelled and voided checks for capital assets constructed by the agency which are covered by GS2011-183, Financial Transactions – Bond, Grant and Levy Projects. • Deposited items covered by GS2011-186. 	<p>Retain for 6 years after end of fiscal year <i>then</i> Destroy.</p>	<p>NON-ARCHIVAL NON-ESSENTIAL OPR</p>
GS2011-186 Rev. 0	<p>Banking – Deposited Items Negotiable instruments <u>received</u> by the agency and deposited to the bank in a different format. Includes, but is not limited to:</p> <ul style="list-style-type: none"> • Original paper checks/warrants imaged using Remote Deposit Capture (RDC) or Imaged Cash Letter (ICL), or returned by the bank after redemption; • Images of checks/warrants created in lieu of depositing the original item (such as imaged cash letter (ICL)). <p>Excludes checks returned to agency due to non-sufficient funds covered by GS50-03B-14.</p>	<p>Retain until deposit verified by bank <i>then</i> Destroy.</p>	<p>NON-ARCHIVAL NON-ESSENTIAL OPR</p>



3.1 ACCOUNTING

The activity relating to the creation of financial records of agency business transactions and the preparation of statements concerning the assets, liabilities, and performance of the local government agency.

DISPOSITION AUTHORITY NUMBER (DAN)	DESCRIPTION OF RECORDS	RETENTION AND DISPOSITION ACTION	DESIGNATION
GS2011-184 Rev. 1	<p>Financial Transactions – General Records documenting all resources received and expended by the agency <i>provided that receipts and expenditures are not for bond, grant or levy projects.</i></p> <p>Includes, but is not limited to:</p> <ul style="list-style-type: none"> • Purchase and sales (purchase/field orders, bills of sale, receipts, cash books, remittance advices, vouchers, fiscal purchasing/receiving documents, etc.); • Billing statements; billing summaries (registers/ledgers); adjustments to accounts (error corrections, overpayment refunds, conservation rebates, etc.); delinquent accounts lists; • Financial statements and reports (cash receipts transmittals, daily cash report/summary, expenditure transactions, treasurer/finance officer, etc.); • Registers and journals (general and subsidiary) for all funds and functions; • Check/warrant registers; • Petty cash. <p>Excludes:</p> <ul style="list-style-type: none"> • Levy-, grant-, and bond-funded transactions covered by GS2011-183; • Utility meter readings covered in the <i>Utility Services Records Retention Schedule</i>; • General and subsidiary ledgers covered by GS50-03A-15; • Contracts and agreements; • Annual financial reports covered by GS50-03D-02. 	<p>Retain for 6 years after end of fiscal year <i>then</i> Destroy.</p>	<p>NON-ARCHIVAL NON-ESSENTIAL OPR</p>