ADMINISTRATIVE PROCEDURES

Procedure Number: 22-7

Effective Date: 05/10/1999
Revision Date: 07/17/2012

County Administrator

SUBJECT: **DEPARTMENTAL BANK ACCOUNT PROCEDURES**

DEPARTMENT RESPONSIBLE: **Finance and Risk Management – Financial Control and Reporting Division ("FC&R") and Departments Maintaining Bank Accounts**

1. STATEMENT

The purpose of this procedure is to provide the general criteria to be used in determining the need for the establishment of departmental bank accounts and to specify the procedure to be followed when establishing, and obtaining authorization for these accounts. Additionally, this procedure sets guidelines for the maintenance of departmental bank accounts.

2. DEFINITIONS

2.1. Types of Bank Accounts

2.1.1. Checking (Demand) - interest or non-interest earnings

2.1.1.1. clearing or initial depository - used to initially deposit and subsequently remit monies to, the County Treasurer or other individuals and entities. Deposits and withdrawals should be equal.

2.1.1.2. operating - used to meet various expenses.

2.1.1.3. imprest - used to make refunds, payment of minor claims, etc. At any given time, the cash-on-hand plus the documentation supporting disbursements must equal the pre-established imprest account amount.

2.1.2. Savings (Time)

2.1.2.1. Business Savings Account - used to hold money in trust, individually, for various individuals.

2.1.2.2. Certificates of Deposit - used to hold money in trust, in aggregate, for various individuals.

3. PROCEDURES

3.1. Criteria for Departmental Bank Account Establishment

Departmental bank accounts may be established for the following reasons:

3.1.1. Funds to be deposited in an account are not public money

3.1.2 Arizona Revised Statutes ("ARS") specifies bank account establishment

These are the only criteria that shall be used in determining the need for the establishment of a bank account. Bank accounts are not to be established in an effort to circumvent established purchasing and/or accounts payable processes. If the Finance and Risk Management Department - FC&R Division becomes aware that a bank account has not been properly authorized or is being used for purposes deemed inappropriate by the Finance Director, the County Administrator will be immediately notified and corrective action will be taken.

3.2. Authorization and Authorization Procedures for Bank Accounts

3.2.1. Pursuant to Board of Supervisor's Policy D 22.1, the County Administrator, upon the recommendation of the Finance Director, will authorize departmental bank accounts.

3.2.2. To obtain authorization for a bank account:

3.2.2.1. The Department Director or Elected Official of the department requiring the account shall complete the "Pima County Departmental Bank Account Authorization/Deletion/Update" form (See Attachment 1) as follows:

3.2.2.2. A custodian shall be designated for the account. The custodian may not also be designated as a signer on the account.

3.2.2.3. List the authorized signers and their titles. At least two signers shall be listed on the account as any check written over $1,000 will require two signatures.

3.2.2.4. Indicate the type of account needed. Types of accounts can include non-interest bearing checking, interest bearing checking, passbook savings or certificate of deposit.

3.2.2.5. Disposition of account - describe the anticipated characteristics of the account. Examples follow:

3.2.2.5.1. Expended - money is spent and refunded through Financial Operations

3.2.2.5.2. Treasurer's - collection of fines or fees and deposited with the Treasurer's

3.2.2.5.3. Refunded - temporary holding account for money, such as an account designated for some type of financial restitution

3.2.2.5.4. Invested - interest bearing accounts for monies held in trust, includes certificates of deposit and interest earning savings account

3.2.2.5.5. Re-deposited - clearing account such as a payroll clearing account

3.2.2.5.6. Non-Public - account used to accumulate non-public money such as federal payments of anti-racketeering monies

3.2.2.6. Purpose of account - explain what the account will be used for and/or the reason it is needed. If ARS stipulate establishment, the statute shall be indicated here. If, after review of the Form, the explanation remains unclear or imprecise to either the County Administrator or the Finance Director, the Authorization Form will be returned to the Department's Director for further clarification.

3.2.2.7. The Authorization Form shall be signed by the Department Director or Elected Official.

3.2.2.8. Any checks, currency or electronic funds transfers designated for the departmental account shall be immediately deposited, by the Department Director or Elected Official, in the Pima County Treasurer's account until the Departmental account is approved.

3.2.2.9. The Authorization form shall be submitted to the Financial Control and Reporting Division for review and subsequent recommendation from the Finance Director.

3.2.2.10. The form shall be forwarded to the County Administrator for final approval/disapproval.

3.2.2.11. If approved, the bank account will be opened with the Pima County Servicing Bank by the Finance and Risk Management Department - FC&R Division. The FC&R Division is responsible for notifying the Department of the new account number, forwarding signature cards to the Department, and obtaining the initial deposit from the Department, if needed. Whenever possible, the account will be opened in an interest bearing account.

3.2.2.12. The completed signature cards shall be returned by the Department to the Financial Control and Reporting Division. The Financial Control and Reporting Division shall forward the cards to the Servicing Bank.

3.2.2.13. For checking accounts, the Bank will send the new, blank checks directly to the department requiring the account. As a general requirement, the Finance and Risk Management Department shall request that the Servicing Bank return canceled checks with the monthly bank statement to the department maintaining the account. All current accounts, if not already maintained with the Servicing Bank, shall be transferred to the Servicing Bank.

3.2.2.14. The Authorization/Deletion/Update form shall be retained in the Finance and Risk Management Department for the life of the account. When an account is closed, the form will be maintained by the FC&R Division for three years after the date of closure.

3.2.2.15. Should the request for a departmental bank account not be approved, a memorandum will be sent to the Department Director from the County Administrator detailing the reason(s).

3.2.3. There may be instances wherein an account may be held at an institution other than the Servicing Bank. However, this must be justified in writing on the Authorization/Deletion/Update form and approved by the County Administrator. Justification for the different bank shall be described in the "Purpose of Account" section, in addition to the account's purpose. Collateral should be classified and the amount of the bank balance to be covered should be noted. The lower right section of the Form detailing the bank name, address, account number, account title and date the account was opened shall also be completed.

3.3. Record and Maintenance of Bank Accounts

3.3.1. Changes, Additions and Termination of Accounts

3.3.1.1. Any changes or additions to signers or the custodian shall be immediately forwarded to the Finance and Risk Management Department - FC&R Division, on the "Departmental Bank Account Authorization/Deletion/Update" form (See Attachment 1). The Finance and Risk Management Department will provide the requesting department with signature cards that shall be completed and submitted to the bank by the Department.

3.3.1.2. If an account shall be closed, a "Departmental Bank Account Authorization/Deletion/Update" form shall be signed by the Director of the department terminating the account and forwarded to FC&R noting the account (name and number) to be closed. If applicable, a listing of any outstanding checks and the disposition of remaining funds shall be attached to the Authorization/Deletion/Update form. The FC&R Division is responsible for closing the

account and notifying the Department Director or Elected Official of the closing date.

3.3.2. Record

A comprehensive record of authorized departmental bank accounts shall be maintained by the FC&R Division. This record of all departmental bank accounts contains each Authorization/Deletion/Update form and is updated with changes and additions submitted by County departments. This record included the following information for each account; bank name, department name, account name, account type, account number, book balance, fund, account or center, disposition of monies deposited, purpose, county custodian and signers.

3.3.3. Maintenance

3.3.3.1. "Not Sufficient Funds" or "NSF" checks

All checks that have been returned to the bank as NSF shall be automatically re-deposited (re-cleared) by the bank. For check amounts that cannot be collected, the departments shall follow the collections procedures outlined in Pima County Administrative Procedure 3-11, "Accounts Receivable."

3.3.3.2. Bank Account Reconciliations

3.3.3.2.1. Bank Account reconciliations shall be performed by each County department maintaining an account. Reconciliations are to be performed, at a minimum, monthly, by the departmental bank account custodian. Authorized signers for the account shall NOT perform the reconciliation or any other bookkeeping function related to the bank account. The monthly bank account reconciliations and supporting documents are to be reviewed by the Department Director or Elected Official before forwarding them to FC&R.

3.3.3.2.2. Attachment 2, "Sample Bank Account Reconciliation Format," details the standard method of reconciling bank checking accounts and shall be used, in conjunction with the following procedures, to complete the reconciliation:

3.3.3.2.3. After receiving the account's closing monthly bank statement and canceled checks (if applicable), determine the bank balance from the statement and the checkbook balance from the check register on the reconciling date.

3.3.3.2.4. Arrange canceled checks in numerical sequence and scrutinize each check for proper endorsement and signature.

3.3.3.2.5. To reconcile the check register:

3.3.3.2.5.1. Review the bank statement for any credits that have not been entered into the check register (such as, interest earned) or any debits that have not already been entered into the register (i.e., bank charges). Add the credits and subtract the debits from the check register balance. The result is the adjusted checkbook balance.

3.3.3.2.6. To reconcile the bank statement (both the previous month's reconciliation and current bank statement are needed):

3.3.3.2.6.1. Compare the current month's canceled checks with the list of the checks outstanding at the close of the previous month (use the previous month's reconciliation) and with checks written/withdrawals taken during the month (using current month's register). Note all checks written that are still outstanding.

3.3.3.2.6.2. List outstanding checks by date, number and amount. (See Attachment 2 - Adjustment to Bank - Deduct)

3.3.3.2.6.3. Review previous month's reconciliation to determine if deposits-in-transit now appear as credits on current month's bank statement.

3.3.3.2.6.4. Compare deposits listed on the check register to deposits listed on the bank statement. Include as a current deposit-in-transfer any deposit not shown on the bank statement (See Attachment 2 - Adjustment to Bank - Add)

3.3.3.2.6.5. Review the check register and bank statement to determine if all reconciling items other than checks outstanding and deposits-in-transit have been properly accounted for as corrections.

3.3.3.2.6.6. The balance per bank plus deposits-in-transit less outstanding checks, plus or minus adjustment, must equal the balance

per checkbook. The individual preparing the reconciliation must sign and date the reconciliation.

3.3.3.2.7. The monthly reconciliation and supporting documentation, including the bank statement and canceled checks, must be forwarded to the Finance and Risk Management Department, FC&R for review *no later than 30 days after receipt of the bank statement.*

3.3.3.2.8. Any irregularities or unusual activity noted while performing the reconciliation should be listed on the monthly reconciliation that is forwarded to the Finance and Risk Management Department - FC&R.

3.3.3.3. Any checks that have been outstanding for more than one year shall be written-off and corresponding balances appropriately adjusted. The department shall maintain records in connection with the ownership of the unclaimed property. The disposition of the unclaimed or abandoned property is governed by statute, but will vary according to department, circumstance and type of property.

3.3.3.4. Each June, the Finance and Risk Management Department - FC&R, will forward to County departments, a description of every authorized bank account that the Finance and Risk Management Department has on record for that particular department. This report, "Year End Departmental Bank Accounts Review" is referenced in Attachment 3. The Department Director or Elected Official should review the listed accounts (it may read "None"), note any discrepancies/omissions or changes, sign the description and return it to the Finance and Risk Management Department no later than July 15.

3.3.3.5. Schedules and documentation supporting deposits and withdrawals must be retained for a period of three years by the County department maintaining the bank account.

4. ***Any question regarding this procedure should be directed to Financial Control and Reporting Division.***

Attachment 1

PIMA COUNTY DEPARTMENTAL BANK ACCOUNT AUTHORIZATION / DELETION / UPDATE FORM

ACCOUNT STATUS: [ ] NEW ACCT [ ] UPDATE ACCT [ ] DELETE ACCT

TODAY'S DATE: ___/___/___

DEPARTMENT: _____

NAME OF AUTHORIZED SIGNERS: TITLE OF AUTHORIZED SIGNERS:

1. _____ _____
2. _____ _____
3. _____ _____
4. _____ _____
5. _____ _____

ACCOUNT CUSTODIAN: _____ CUSTODIAN'S PHONE #: _____

EMPLOYEE / TITLE OF EMPLOYEE WHO RECONCILES THE ACCOUNT (if different from Custodian):

_____

TYPE OF ACCOUNT:

[ ] **CHECKING:** [ ] **interest bearing** [ ] **non-interest bearing** [ ] **SAVINGS** [ ] **MONEY MARKET** [ ] **CD**

PURPOSE OF ACCOUNT – (Explain in detail what the account is to be used for)

_____

_____

DISPOSITION OF ACCOUNT – (Expended, Refunded, Redeposited, Sent to Treasurer, Invested, Non-Public)

_____

THE FOLLOWING COLLATERALIZATION SECTION SHALL BE COMPLETED IF ACCOUNT WILL NOT BE HELD WITH THE SERVICING BANK

PLEDGED COLLATERAL SHOULD BE CLASSIFIED INTO RISK CATAGORIES IN ACCORDANCE WITH GASB STATEMENT #3

1. INSURED OR COLLATERALIZED WITH SECURITIES HELD BY THE COUNTY OR BY THE COUNTY'S AGENT IN THE COUNTY'S NAME.
2. COLLATERALIZED WITH SECURITIES HELD BY THE PLEDGING INSTITUTIONS TRUST DEPARTMENT OR AGENT IN THE COUNTY'S NAME
3. UNCOLLATERALIZED INCLUDING ANY BANK BALANCE THAT IS COLLATERALIZED WITH SECURITIES HELD BY THE PEDGING INSTITUTION OR BY ITS TRUST DEPARMTENT, BUT NOT IN THE COUNTY'S NAME.

AMOUNT OF BANK BALANCE COVERED BY FDIC OR FSLIC INSURANCE – UP TO $100,000 PER ACCOUNT – (CATEGORY 1):
$ _____

AMOUNT OF BANK BALANCE COVERED BY PLEDGED COLLATERAL – (CATEGORY 2):
$ _____

AMOUNT OF BANK BALANCE UNINSURED & UNCOLLATERALIZED – (CATEGORY 3):
$ _____

BANK NAME: _____

SIGNED BY: _____
DEPARTMENT DIRECTOR

BANK ADDRESS: _____

BANK ACCOUNT NUMBER: _____

REVIEWED BY: _____
FINANCE DIRECTOR

ACCOUNT TITLE: _____

APPROVED BY: _____
COUNTY ADMINISTRATOR

DATE OPENED: _____

INITIAL DEPOSIT: _____

Attachment 2

SAMPLE BANK ACCOUNT RECONCILIATION FORMAT

Statement Rec'd _____

Reconciliation Date _____

Prepared by _____

Reviewed by _____

Department _____

Account Name _____

Account Number _____

Balance per checkbook – DATE: xx/xx/xxxx		$0,000.00
Adjustments to checkbook:		
Add:	(Any deposits or credits on statement and not Already entered into checkbook. Examples include: Interest earned, favorable errors in recording checks)	$0,000.00
Deduct:	(Any checks shown on statement that have not Already been entered or deduct any bank charges shown on statement)	($ 000.00)
Adjusted checkbook balance – DATE: xx/xx/xxxx		$0,000.00

Balance per bank – DATE: xx/xx/xxxx				$0,000.00
Adjustments to bank:				
Add:	(Any deposits-in-transit or other credits listed On check register but not on the statement)			
DATE		AMOUNT	TOTAL	
xx/xx/xxxx		$000.00		
xx/xx/xxxx		$000.00	$0,000.00	$0,000.00
Deduct:	(Any checks outstanding, withdrawals and other Debits that do not appear on the statement)			
DATE	NO.	AMOUNT	TOTAL	
xx/xx/xxxx	313	$000.00		
xx/xx/xxxx	323	$000.00	$0,000.00	($ 000.00)

Adjusted bank balance – DATE: xx/xx/xxxx

Attachment 3

PIMA COUNTY – FINANCIAL CONTROL & REPORTING DIVISION
YEAR-END
DEPARTMENTAL BANK ACCOUNTS REVIEW
A/O JUNE 30, 199x

DEPARTMENT _____ NUMBERS OF ACCTS _____

INSTITUTION	ACCT NAME	TYPE OF ACCT	ACCT#	DIPOSITION	PURPOSE	DEPARTMENT CUSTODIAN	SIGNERS

SIGNATURE _____