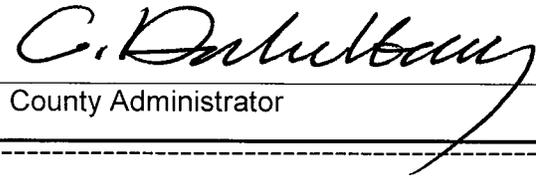


# ADMINISTRATIVE PROCEDURES



Procedure Number: 22-7  
Effective Date: 05/10/1999  
Revision Date: 07/15/2019

  
County Administrator

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SUBJECT: **DEPARTMENTAL BANK ACCOUNT PROCEDURES**

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DEPARTMENT RESPONSIBLE: **Finance and Risk Management – Financial Control & Reporting and Departments Maintaining Bank Accounts**

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1. **PURPOSE**

The purpose of this procedure is to provide the criteria used to determine whether a departmental bank account is needed and to detail the procedures for obtaining authorization for, establishing, and maintaining a departmental bank account.

2. **DEFINITIONS**

***Clearing or Initial Depository Checking Accounts:*** Accounts used to initially deposit and subsequently remit monies to the County Treasurer or other individuals and entities. Deposits and withdrawals to and from this account should be equal.

***Operating Checking Accounts:*** Accounts used to meet various expenses.

***Imprest Checking Accounts:*** Accounts used to make refunds or payments of minor claims. At any given time, the cash-on-hand, plus the documentation supporting disbursements, must equal the pre-established imprest account amount.

***Business Savings Accounts:*** Accounts used to hold money in trust, individually, for various individuals.

***Certificates of Deposit:*** Accounts used to hold money in trust, in aggregate, for various individuals.

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### 3. PROCEDURE

#### A. Criteria for Establishing a Departmental Bank Account

1. Departmental bank accounts may be established for the following reasons:
  - a. Funds to be deposited in an account are not public money.
  - b. Arizona Revised Statutes (A.R.S.) specify the establishment of a bank account.

NOTE: 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 – Financial Control & Reporting Division (FC&R) 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.

#### B. Authorization of Bank Accounts

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.
2. To request authorization for a bank account, complete the [Pima County Departmental Bank Account Authorization/Deletion/Update form](#). The department director or elected official of the department requiring the account, shall complete the Pima County Departmental Bank Account Authorization/Deletion/Update form. The completed form should include:
  - a. A designated custodian for the account. The custodian shall NOT also be designated as a signer on the account.
  - b. A list of authorized signers and their titles. At least two signers shall be listed on the account. Any check written for over \$1,000 will require two signatures.
  - c. The type of account needed. Account types may include non-interest bearing checking, interest bearing checking, passbook savings or certificate of deposit accounts.
  - d. The disposition or characteristics of the account. Examples include:
    - (1) Expended – money is spent and refunded through Financial Operations.

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- (2) Treasurer's – a collection of fines and/or fees are deposited with the Treasurer.
  - (3) Refunded – a temporary holding account for money, such as accounts designated for some types of restitution.
  - (4) Invested – interest bearing accounts for monies held in trust, these include certificates of deposit and interest earning savings accounts.
  - (5) Redeposited – a clearing account such as a payroll clearing account.
  - (6) Non-public – accounts used to accumulate non-public money such as federal payments of anti-racketeering monies.
- e. The purpose of the account.
- (1) Explain what the account will be used for and the reason it is needed.
  - (2) Indicate whether the establishment of the account is stipulated by A.R.S.
  - (3) If a bank other than the servicing bank holds the account, justify the reason in the "purpose of account" statement. The justification should include:
    - (a) A classification of collateral.
    - (b) The account balance to be covered.
    - (c) The Bank Information, including, the bank name, address, account number, account title, and date the account was opened.
- NOTE: If the explanation on the authorization form is unclear or imprecise to either the County Administrator or the Finance Director, the form will be returned to the department's director for clarification.
- f. The department director or elected official shall sign the authorization form.
- g. The department director or elected official shall immediately deposit all checks, currency, or electronic fund transfers designated for the departmental account, in the Pima County Treasurer's account, until the departmental account is approved.

- h. The form shall be submitted to FC&R for review and the Finance Director will recommend whether to approve the authorization.
- i. The Finance Director shall forward the form to the County Administrator who will determine whether to approve the authorization.

C. Authorized Accounts

1. Opening an Account

- a. The department will open an account with Pima County's servicing bank.

NOTE: There may be instances when an account is held at an institution other than the servicing bank. However, this must be justified in writing on the Pima County Departmental Bank Account Authorization/Deletion/Update form and approved by the County Administrator.

- b. After opening the account, the department will provide FC&R with the new account number, signature cards, and a copy of the deposit slip from the initial deposit.
  - (1) The department shall return a copy of the completed signature cards to FC&R.
  - (2) The department shall forward the completed signature cards to the servicing bank.
- c. If the account is a checking account, the bank will send blank checks directly to the department.
  - (1) FC&R shall request that the servicing bank return canceled checks, with the monthly bank statement, to the department maintaining the account.
  - (2) All current accounts, if not already maintained with the servicing bank, shall be transferred to the servicing bank.
- d. FC&R will retain the Pima County Departmental Bank Account Authorization/Deletion/Update form for the life of the account.
- e. FC&R will continue to retain the form for three years after the date the account is closed.

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2. Unauthorized Departmental Bank Account Requests

- a. If a departmental bank account is not authorized, a memorandum will be sent to the department director, from the County Administrator, detailing the reason(s) for not authorizing the account.

D. Record and Maintenance of Bank Accounts

1. Changes, Additions and Termination of Accounts

- a. Changes or additions to signers or to the custodian shall be immediately forwarded to FC&R, on the Pima County Departmental Bank Account Authorization/Deletion/Update form.

- b. The department will submit the completed signature cards to the bank.

- c. If an account is closed, a Pima County Departmental Bank Account Authorization/Deletion/Update form shall be signed by the department director terminating the account.

- (1) The form shall be forwarded to FC&R and shall include the following information:

(a) The name and number of the account to be closed.

(b) A listing of outstanding checks (if applicable).

(c) The disposition of remaining funds.

- (2) The department is responsible for closing the account and providing the department director or elected official with the closing date.

- (3) The department will process a Cash Receipt (CR) to close the account and provide FC&R with the CR number.

2. Record

- a. FC&R shall maintain a comprehensive record of each authorized departmental bank account, containing the following information:

(1) A Pima County Departmental Bank Account Authorization/Deletion/Update form

(2) Bank name

(3) Department name

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- (4) Account name
  - (5) Date opened
  - (6) Account name/type
  - (7) Account Number
  - (8) Fund Type/account/official custodian
  - (9) Person reconciling the account
  - (10) Monthly reconciliation confirmation
  - (11) Book balance
  - (12) Fund and bank balance

3. Maintenance

- a. All checks returned to the bank for “Not Sufficient Funds” (NSF) shall be automatically redeposited (re-cleared) by the bank.
- b. For check amounts that cannot be collected, departments shall follow the collections procedures detailed in Pima County [Administrative Procedure 22-75, Accounts Receivable](#).
- c. Each department maintaining a bank account shall perform a bank account reconciliation monthly and at Fiscal Year End. The reconciliation will be conducted by the account custodian.
  - (1) A bank account reconciliation is required for all departmental bank accounts, including those closed before the Fiscal Year End. Departments that close an account before Fiscal Year End shall provide FC&R with a bank account reconciliation at Fiscal Year End and for the final month of the account.
  - (2) Authorized signers shall NOT perform the reconciliation or any other bookkeeping function related to the bank account.
  - (3) The monthly bank account reconciliations and supporting documents shall be reviewed by the reviewer identified on the Pima County Departmental Bank Account Authorization/Deletion/Update form before forwarding to FC&R.

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- (a) Complete the monthly [bank account reconciliation worksheet](#), located on the Finance and Risk Management intranet, Forms tab, Finance Administration tab, as follows, unless a different format has been approved by FC&R.
  - (b) After receiving the account's closing monthly bank statement and canceled checks (if applicable), determine the bank balance from the statement and check the balance from the check register on the date of reconciliation.
  - (c) Arrange canceled checks in numerical sequence and carefully review each check for proper endorsement and signature.
- d. To reconcile the check register, review the bank statement for credits that have not been entered into the check register (such as interest earned) or debits that have not been entered into the register (such as bank charges).
- (1) Add the credits and subtract the debits from the check register balance.
  - (2) The result is the adjusted checkbook balance.
- e. To reconcile the bank statement, review both the prior month's reconciliation and current bank statement.
- (1) Compare the current month's canceled checks with the list of checks outstanding at the close of the previous month (use the previous month's reconciliation for comparison).
  - (2) Compare the current month's canceled checks with the list of checks written and withdrawals taken during the month (using the current month's register).
  - (3) List all of the checks written that are still outstanding by date, number, and amount, as shown in the monthly bank account reconciliation example.
  - (4) Review the prior month's reconciliation to determine if deposits-in-transit now appear as credits on the current month's statement.
  - (5) Compare deposits listed on the check register to deposits listed on the bank statement. Include any deposit not shown on the bank statement as a current deposit-in-transit.

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- (6) Review the check register and bank statement to determine if all reconciling items other than checks outstanding and deposits-in-transit have been accounted for as corrections.
    - (7) The balance per bank, plus deposits-in-transit, less outstanding checks, plus or minus adjustment, must equal the balance per checkbook.
    - (8) The individual preparing the reconciliation must sign and date the reconciliation.
  - f. The monthly reconciliation and supporting documentation, including the bank statement, must be forwarded to FC&R for review **no later than 30 days after receipt of the bank statement**. If a department does not comply with this requirement, Finance may suggest the closure of the account.
    - (1) Exception: Due to the availability of account information, the Public Fiduciary's accounts for irrevocable burial trust, minor conservatorship, and probate estate accounts, are required to submit quarterly reconciliations rather than monthly.
  - g. Irregularities or unusual activity of account information noted while performing the reconciliation should be listed on the monthly reconciliation forwarded to FC&R.
  - h. Checks that are outstanding for more than one year shall be written-off and corresponding balances appropriately adjusted.
    - (1) The department shall maintain records in connection with ownership of the unclaimed property.
    - (2) The disposition of the unclaimed or abandoned property is governed by statute, but will vary according to department, circumstance, and type of property.
  - i. Each June, FC&R will request the following forms from the department:
    - (1) A current signature card from the bank.
    - (2) An updated Pima County Departmental Bank Account Authorization/Deletion/Update form.
    - (3) A Pima County Bank Account Reconciliation form.
      - (a) The department director or elected official shall provide FC&R with the above information by the date requested in the memo. The forms and instructions can be found in the Fiscal Year End manual and training.

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- j. Schedules and supporting documentation of deposits and withdrawals, must be retained for a period of three years by the department maintaining the bank account.
  - k. All questions regarding this procedure should be directed to FC&R by email, [FIN\\_FC&R\\_Div@pima.gov](mailto:FIN_FC&R_Div@pima.gov).