

Maricopa County Internal Policy	Title: Establishing Administrative Bank Accounts	Number: A2504 Issue Date: May 2000
Policy Category: Finance	Approved By: Maricopa County Board of Supervisors and Special Districts	Revision No: 2 Revision Date: June 20, 2012
Initiating Department: Department of Finance		

I. PURPOSE

To establish the procedures, maintenance and reporting requirements for all Maricopa County/Special District Administrative Bank Accounts. This Policy does not apply to any account established under A.R.S. § 12-286 or the Minimum Accounting Standards (MAS) as established by Arizona Administrative offices of the Courts (“AOC”).

II. DEFINITIONS

A. Administrative Bank Account: A County bank account established, separately from the central servicing and Depository Bank accounts, but pursuant to the County’s banking services agreement unless excepted, to which funds may be deposited or from which funds may be drawn, including, but not limited to, the following:

1. Administrative Processing Account: A bank account used for the facilitation of processing payment functions such as payroll clearing and direct deposit functions.
2. Bond Covenant Account: A trust bank account established pursuant to the bond agreements.
3. Custodial Account: A bank account maintaining funds held temporarily by Maricopa County in its fiduciary capacity for individuals or governments, which are distributed per statute, court order or at the owner’s request.
4. Electronic Funds Transfer (EFT) Account: A bank account established pursuant to vendor and/or servicing bank requirements for processing electronic payments via Automated Clearing House (ACH) or wire.
5. Escrow Account: A bank account maintaining funds held in escrow such as for the purchase of real property pursuant to title company requirements.
6. Third-Party Administrative Account: A bank account maintaining funds held in trust for Maricopa County employees such as for payment of their worker’s compensation and health care related expenses.

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7. *Trust Account:* A bank account maintaining funds held in trust by Maricopa County for individuals or governments as required by statute such as Public Fiduciary ward accounts.

B. *Depository Bank Account:* A County bank account established pursuant to Maricopa County Policy A2513.

C. *Maricopa County:* All Maricopa County departments, elected offices, the Maricopa County Superior Court and the Clerk of the Court.

D. *Public Monies (for purposes of this Policy only):* All public funds, arising from any source, or accruing under the provisions of law to Maricopa County and/or Special Districts, and any funds held by Maricopa County/Special Districts in trust for non-Maricopa County/Special District entities or in a fiduciary capacity.

E. *Special Districts:* The Maricopa County Library District, Flood Control District and Stadium District.

III. PROCEDURES

A. Maricopa County and Special Districts shall submit all Public Monies to the County Treasurer (“Treasurer”). Arizona Revised Statutes (A.R.S.) § 11-492.

B. All Public Monies shall be deposited into the Maricopa County central servicing bank managed by the Treasurer except as outlined herein. See A.R.S. §§ 11-251(11); 492; 493; 604.01. In certain instances, it is necessary for bank accounts, separate from the central servicing bank accounts, to be established (the “Administrative Bank Accounts”). It is Maricopa County’s and the Special District’s desire that these Administrative Bank Accounts be interest-bearing whenever possible.

C. This Policy does not include any bank account holding funds not meeting the description of Public Monies. Bank accounts set up for the benefit and operation of an employee sponsored committee, association, organization, club, etc. must be established using a non-affiliated Maricopa County/Special District name and Taxpayer Identification Number (TIN). It is strictly prohibited to establish such non-Public Monies accounts using Maricopa County/Special District names and using the County’s Taxpayer Identification Number (TIN).

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D. Establishing an Administrative Bank Account:

1. Administrative Bank Accounts shall be the exception. All departments/Special Districts seeking an Administrative Bank Account must request approval from the Maricopa County Board of Supervisors/Special District Board of Directors as outlined below. All Administrative Bank Accounts must be established at the Maricopa County Servicing Bank where practicable. Additionally, all Administrative Bank Accounts must be opened as a Maricopa County/Special District account. Any exceptions must be approved by the Board of Supervisors/Special District Board of Directors. Any bank account opened with Public Monies that does not comply with this policy is in violation of this policy and may be considered a misappropriation of funds. Such account will be closed immediately and Maricopa County/Special Districts will report any such violation to the County Attorney or Attorney General as appropriate.
2. All requests for an Administrative Bank Account shall be submitted first to the County Manager, or designee(s), by completing the "Request for Administrative Bank Account" form (see Attachment A) and a memo, where needed, outlining the following:
 - a. the operational need that cannot be met under the County's/Special District's current banking/warrant issuing procedures;
 - b. affirmation that the account is consistent with legal, operating, reporting and internal control requirements of the County/Special District;
 - c. acknowledgment that the account must, unless an exception is awarded, be established at a branch of the County's servicing bank; and,
 - d. statutory authority for the creation of the account, where applicable; and,
 - e. a list of servicing bank branch locations to be used by the department/Special District;
 - f. a list of persons to act as signers and/or custodians on the account, including job title; and

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- g. if an exception is sought, the name of the preferred bank to hold the account.
3. If approved by the County Manager, or designee(s), and the County Treasurer, the County Manager, or designee, shall recommend approval of the account to the Board of Supervisors/Special District Board of Directors in open meeting. If approved, a copy of the Board-approved "Request for Administrative Bank Account" form will be returned to the requesting department/Special District. The Clerk of the Board shall maintain the original form. The County Manager, or designee(s), shall maintain a copy of the Board-approved form and a record of all Administrative Bank Accounts. This record will include the department/Special District name, account number, account type, purpose of account, account custodian, and authorized signers. County Manager, or his designee(s) will transmit this information to the Treasurer's office for record keeping.
 4. Once approval is received from the Board, the department/Special District must:
 - a. work with the Department of Finance ("Finance") to establish the new account with the Maricopa County Servicing Bank where possible;
 - b. ensure that the new account is opened as a Maricopa County/Special District account using the County's TIN, where applicable;
 - c. ensure that the Finance and the Treasurer have electronic access to the new account;
 - d. ensure that the authorized signers and custodians listed on the new account paperwork with the bank corresponds to those identified on the "Request for Administrative Bank Account" form;
 - e. work with Finance and the Treasurer to ensure that the appropriate cash handling procedures are used to manage the bank account; and
 - f. comply will all reporting requirements as outlined herein.

E. Guidelines and Maintenance of an Administrative Bank Account:

1. All changes to authorized signers or the custodian must be authorized by County Manager and the Treasurer, or designee(s) (see Attachment C).

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2. The Departments of Finance, Internal Audit, Management and Budget, and Treasurer are authorized to view the account detail, electronic and/or hard copy back-up data, for any Administrative Bank Account at any time.
3. The County Manager, or designee(s), is authorized to review the justification for the Administrative Bank Account at any time and request additional information regarding the account and activity as needed.
4. If the County Manager, or designee(s), deems any Administrative Bank Account “unnecessary”, the County Manager, or designee(s), shall present the recommendation to close the account to the Board of Supervisors/Special District Board of Directors for a vote. If the Board of Supervisors/Special District Board of Directors votes to close the Administrative Bank Account, it shall be closed as expeditiously as possible. The closure of such accounts shall be overseen by Finance.
5. Dishonored checks - The department/Special District will adopt appropriate procedures for handling checks, received as payments, which are later returned unpaid by the bank because of nonsufficient funds (NSF), stop payment, closed account, etc. At a minimum, the department/Special District should: reverse the deposit from the account, set up a separate ledger/list of dishonored checks, and adopt the best practices outlined within the Maricopa County Department of Finance Recommended Procedures for Dishonored Checks.
6. No lines of credit or overdraft agreements may be established for any Administrative Bank Account. There should be sufficient funds in the account to cover checks issued at all times. Overspending and carrying deficit cash balances in any Administrative Bank Account is strictly prohibited.
7. All bank deposits must be collateralized by at least 101% of the deposits not covered by depository insurance as required by ARS §35-323 G and the Maricopa County Deposit and Investment Risk Disclosures Policy (A2509).
8. Expenditure disbursements made from Administrative Bank Accounts, maintaining Public Monies, must follow authorization, procurement code and competitive bid procedures established by A.R.S., County policies, and/or applicable grant agreements; where required by law. A.R.S. §§ 41-2512; 11-254.01. See *also* Maricopa County Procurement Code.

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9. Any and all expenditure disbursements made from Administrative Bank Accounts must be for approved transactions or invoices and have two authorization approval signatures. No advances or loans may be paid from Administrative Bank Accounts unless specifically approved by policy. Advancement transactions related to active or potential criminal matters by law enforcement agencies are permitted.
10. For Administrative Bank Accounts reported on the County's financial system (Advantage) via a Fund and Balance Sheet Account, transaction activity, such as deposits and disbursements, must be recorded at least monthly on the County's financial system at the activity and object code level using explanatory transaction descriptions.
11. Independent contractor payments - The department/Special District will adopt appropriate procedures, in accordance with applicable IRS codes and regulations, for the reporting of payments made from Administrative Bank Accounts to independent contractors for services provided (i.e., Form 1099).
12. Payments to employees for wages or reimbursement costs should be made through the County's payroll system and not using checks, or other forms of disbursements, from Administrative Bank Accounts.
13. The department/Special District will adopt appropriate internal controls regarding cash receipts and cash disbursements. At a minimum, the department/Special District should separate the following major duties and functions among different employees:
 - a. Cash receipts:
 - 1) cash handling – mail should be opened by employees with no responsibility for maintaining accounting records; checks, warrants, drafts or money orders must immediately be stamped “for deposit only”; cash receipts should be deposited daily, if significant, or at least every week; maintain validated deposit slips for each bank deposit;
 - 2) recordkeeping;
 - 3) reconciling bank accounts;
 - b. Cash disbursements:
 - 1) approving cash disbursements;
 - 2) preparing checks;
 - 3) distributing checks; and

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4) maintaining accounting records.

For additional resources, the Uniform Accounting Manual for Arizona Counties (UAMAC) provides internal controls for accounting and financial reporting by Arizona counties, in conformity with statutory requirements and generally accepted accounting principles.

F. Monthly Reporting - The Custodian of the account must maintain bank reconciliations and perform such reconciliation monthly. All reconciliations, including back-up support for all receipts and disbursements from the account, must be retained in accordance with record retention policies. These records are to be subject to review upon request by any department listed in Section III Authorized signers shall not perform any bank reconciliation or any other bookkeeping function. At least one authorized signer must review and approve the bank reconciliation on a form similar to Attachment B. Failure to comply with this section will result in the closure of the Administrative Bank Account.

G. Annual Reports - The applicable year-end forms, detail of accounts, and bank reconciliations must be submitted to Finance as required in the fiscal year-end closing package.

IV. EXEMPTION

A. Accounts established pursuant to a court order, for bond covenants, escrows, or compliance with federal and/or state law that name a Maricopa County department, Special District or elected office to manage the account, and Stadium District accounts that have been established in accordance with the Related Use Agreements as defined in the Facility Use Agreement are exempt from all parts of this policy, except for the requirements of Section III.D.

Agenda Numbers: C-49-12-097-6-00; C-49-12-098-6-00; C-49-12-099-6-00;
C-49-12-100-6-00

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Attachment A

REQUEST FOR ADMINISTRATIVE BANK ACCOUNT

Department Name _____ Low Org # _____ Date _____

Account Contact Name _____ Phone Number _____

Description of why an Administrative Bank Account is needed:

Type of Administrative Bank Account being requested (based on the definitions in Section II.A) and reason the account type is needed:

Name of Maricopa County/Special District Employees to be authorized signers (minimum of 2 required):

Name of Maricopa County/Special District Employee to act as Custodian:

Type of Account Requested:	Anticipated Account Activity:
Checking Account _____	Number of Deposits per Month _____
Savings Account _____	Average Monthly Deposit \$ _____
Investment Account _____	Number of Withdrawals/Checks per Month _____
Interest Bearing (Y/N) _____	Average Monthly Withdrawals/Checks \$ _____

Explanation of Source of Funds (e.g., fines, fees, charges for services, bonds, restitution/wards/inmates/probationers monies held in trust, etc.):

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For Department of Finance Use Only	
Financial reporting of deposits & investments held in Administrative Bank Account	
Fund classification:	
Special Revenue[]	Debt Service[] Capital Project[] Enterprise[]
Internal Service[]	Agency[]
Advantage Fund Number (N/A for Agency Funds)	_____
Balance Sheet Account 0006/0013 (N/A for Agency Funds)	_____

See attached Memo for additional information.

REQUIRED APPROVALS

Department or Office Approval

Appointing Authority Approval _____ Date _____

Completed by County Manager (or designees)

County Manager Approval _____ Date _____

Completed by County Treasurer

County Treasurer Approval _____ Date _____

Completed by Clerk of the Board of Supervisors/Board of Directors

Date of Board of Supervisors/Directors Approval _____ Agenda # _____

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Attachment C

**NOTICE OF CHANGE TO THE CUSTODIAN OR AUTHORIZED SIGNER OF AN
ADMINISTRATIVE BANK ACCOUNT**

DATE:

TO: County Manager (or his designees)

FROM: <Custodian or Authorized Signer>
<Department Name>

SUBJECT: Notice of Change to the Custodian or Authorized Signer of the Following
Administrative Bank Account: <Banking Institution Name, Account Name
and Number

This request is to notify the County Manager of the following change in custodian or
authorized signer for the above-indicated Administrative Bank Account:

New Authorized Signer or Custodian:
<Name>
<Title>
<Work location address>
<Work phone number>

Previous Authorized Signer or Custodian:
<Name>
<Title>
<Work location address>
<Work phone number>

Signature

Signature

REQUIRED APPROVALS

Department or Office Approval

Appointing Authority Approval _____ Date _____

Completed by County Manager (or designees)

Approval _____ Date _____