

Maricopa County Policies and Procedures	Subject: Establishing Outside Bank Accounts Number: A2504 Issue Date: 05/00
Approved: <i>David R. Smith</i>	Initiating Department: Department of Finance

Introduction

It is an objective of Maricopa County to pool cash resources to the maximum extent by using the Treasurer's central servicing bank account. In certain instances, it is necessary for special bank accounts to be established. It is the County's policy that these bank accounts be interest-bearing whenever possible.

Policy

To provide guidance to County departments on how to establish and maintain an outside bank account.

Procedure

Establishing an Account:

All departments will request approval from the County's Chief Financial Officer (CFO) to establish an outside bank account. The requesting department must submit a memo and the completed "Request for Outside Bank Account Form" (see attached) to the County's CFO.

The CFO will review the request to verify that:

1. the account will satisfy an operational need that cannot be met under the County's current banking/warrant issuing procedures;
2. the account is consistent with legal, operating, reporting and control requirements of the County; and
3. The account is established at a branch of the County's servicing bank, unless the branch location is not convenient. The department must justify the reason for not using the County's servicing bank.

If approved, a copy of the CFO-approved "Request for Outside Bank Account Form" will be returned to the requesting department. The Department of Finance will maintain the original form as well as a record of all outside bank accounts. This record will include the department name, account number, account type, purpose of account, account custodian, and authorized signers. The Department of Finance will transmit this information to the Treasurer's office for their record keeping.

Once approved by the CFO, the department is responsible for:

1. establishing the account with the appropriate banking institution;
2. ensuring that the department's appointing authority has approved all authorized signers on the account; and
3. ensuring that the appropriate cash handling procedures are used to manage the bank account.

Maintenance of Account

1. All changes to authorized signers or the custodian shall be reported to the Department of Finance.
2. Insufficient Funds "NSF" checks - Depending on the amount and nature of deposit, the department may adopt appropriate procedures in dealing with NSF check issues. However, at a minimum, the department should have in place the following procedures when a NSF check is returned:
 - Reverse the deposit from the account and set up a separate ledger/list of any NSF checks.
 - Inform the applicable party that the check was returned and request a money order for the amount, plus any fees the bank may have assessed against the account for the NSF.
 - For check amounts that cannot be collected, refer to the County's Uncollectible Accounts Receivable Policy (F2501) for collection procedures.
3. The departmental bank account custodian must perform bank account reconciliation monthly. Authorized signers shall not perform the bank reconciliation or any other bookkeeping function.
4. The department must maintain monthly bank reconciliations, as well as support for all receipts and disbursements from the account.
5. The year-end bank reconciliation (6/30) must be submitted to the Department of Finance as part of the year-end closing package.

Exemption

Accounts established pursuant to a court order or for compliance of federal and/or state law that name an authority to manage the account are exempt from all parts of this policy, except for the following:

1. Insufficient Funds "NSF" checks - Depending on the amount and nature of deposit, the department may adopt appropriate procedures in dealing with NSF check issues. However, at a minimum, the department should have in place the following procedures when an NSF check is returned.
 - Reverse the deposit from the account and set up a separate ledger/list of any NSF checks.
 - Inform the applicable party that the check was returned and request a money order for the amount, plus any fees the bank may have assessed against the account for the NSF.
 - For check amounts that cannot be collected, refer to the County's Uncollectible Accounts Receivable Policy (F2501) for collection procedures.
2. The departmental bank account custodian must perform a bank account reconciliation monthly. Authorized signers shall not perform the bank reconciliation or any other bookkeeping function.
3. The department must maintain monthly bank reconciliations, as well as support for all receipts and disbursements from the account.
4. The year-end bank reconciliation (6/30) must be submitted to the Department of Finance as part of the year-end closing package.

REQUEST FOR OUTSIDE BANK ACCOUNT

Department Name _____ Low Org # _____ Date _____

Account Contact Name _____ Phone Number _____

Why is an Outside Bank Account Needed?

Type of Account

- ____ Depository Account
- ____ Checking Account
- ____ Trust Account

Account Activity

Number of Deposits per Month _____
Average Monthly Deposit \$ _____
Average Monthly Debit \$ _____
Number of Withdrawals/Checks per Month _____

Source of Funds

- ____ Fees/Fines
- ____ Grant
- ____ Client Trust Funds
- ____ Other _____

Interest Bearing ___ Yes ___ No

Director Approval _____ Date _____

Completed by Department of Finance

CFO Approval _____ Date _____