

DEPARTMENTAL POLICY

POLICY # 407	SUBJECT: Bank and Subsidiary Account Management
EFFECTIVE DATE: November 1, 1993 REVISION DATE: May 12, 2008	PAGE 1 of 4
AUTHORIZED SIGNATURE:	

BANK AND SUBSIDIARY ACCOUNT MANAGEMENT

I. PURPOSE

The purpose of this Department policy is to establish consistent and clearly defined directions for regulating off budget bank account management (i.e. checking, savings, etc.) within the Department of Services for Children, Youth and Their Families. This policy:

- A. Establishes Department-wide standards, procedures and activities relating to the management of all bank accounts entrusted to the Department's management and/or care in accordance with State and Federal laws, regulations and sound accounting practices;
- B. Establishes staff responsibilities regarding bank accounts management; and
- C. Establishes Department-wide coordination and management of all other aspects of bank accounts held by the Department.

II. POLICY

Sound accounting and auditing practices, regulations and procedures address the management of bank accounts. In addition, Section 7 of the State of Delaware's "Budget and Accounting Manual" contains information regarding petty cash management/reconciliation and Appendix K contains forms for opening, changing, closing bank accounts and carries the force of law. It is DSCYF policy that all staff shall abide by all State and Federal laws, regulations, policies and accounting practices pertaining to bank account management regardless of the source of funding.

This policy applies to all bank accounts which the Department is responsible for and oversees regardless of the funding source or banking institution. The types of bank accounts

would include (but are not limited to) all client trust, emergency needs, petty cash, etc. accounts.

It is Department policy that the Delaware Financial Management System (DFMS) or its successor will be the system through which all sources of funds entrusted to the Department will be managed. Only when there is an operational or programmatic need precluding the use of DFMS, will an off budget bank account be employed to receive and disburse funds. There shall be no co-mingling of funds within bank accounts. Only funds from the proper sources and for the purposes for which the bank account was established shall be deposited, withdrawn or disbursed from a given account.

It is also DSCYF policy that the principle of segregation of duties will be observed in the operation and management of all bank accounts.

III. PROCEDURES

A. Management and Coordination of the Activities and Procedures

The Department's Controller shall receive, review and distribute and/or submit information and reports related to bank accounts management.

The Department's Controller, with the approval of the Director of the Division of Management Support Services (Director of DMSS) and appropriate input from other division directors or their designees, shall be responsible for amending this policy and off budget bank account management procedures and/or activities as required. Division directors, program unit managers and facility heads shall insure that staff throughout their divisions, programs and facilities adheres to this policy. Division directors or their designees shall provide the Department's Controller with lists of all bank accounts in their division and the persons responsible for the account, regardless of the source of the funds, within fifteen (15) working days after the date this policy becomes effective.

When a division wishes to open a new bank account, the division director shall inform the Department's Controller of the account that their staff wishes to open. The attached form, "Request to Open A Bank Account" (Attachment I) shall be utilized to request permission to open a bank account. The director of the division establishing the account and the Director of DMSS must both approve the establishment of new bank accounts. If either denies the request to open an account, the account shall not be established. Division directors shall appoint a staff person to be the custodian of each bank account in their division. These staff persons shall

utilize sound accounting principles for the collecting of funds, deposits, disbursements, record keeping and reconciliation involving the bank accounts for which they serve as custodian. These persons shall insure that the account for which they are responsible can be easily and accurately reconciled. Also, all accounts shall require two signatures on checks and under no circumstances shall checks be pre-signed. Before checks are signed, source documents (bills, receipts, requisition, purchase order, etc.) shall be attached to validate the amount of the check and the payee. Voided checks shall be kept and made available when the account is reconciled. Requests to close bank accounts shall be made on the attached form, "Request to Close a Bank Account" (Attachment II). The form must be filled in completely and approved by both the division director responsible for the account and the Director of DMSS. If either denies the request, it can not be closed.

The Department's Controller shall charge the applicable fiscal staff supporting a division or a designee with the responsibility of the reconciliation of all bank accounts within the division. If the Controller does not possess line authority over the designated staff person in a particular division or facility, the division director of that division shall appoint a staff member to reconcile the bank accounts. The staff member responsible for reconciling a given account shall not have check writing or check signing responsibilities for that account. The Controller and/or a designee shall make periodic "spot checks" of each of these accounts, but at least on a semi-annual basis, to insure that accounts are being maintained according to this policy and relevant State laws and regulations.

B. Implementation

Bank accounts within each division, regardless of the source of funds, shall be reconciled within 15 working days of receiving the bank statement each month by the account custodian. The account custodian shall provide the employee reconciling the account with all related documents, including canceled and voided checks. The account custodian for the account shall be required to obtain any lost documents (e.g., a copy of a lost canceled check from the bank).

The persons responsible for reconciling accounts shall:

1. Employ sound accounting practices, including checking and reconciling all deposits and canceled checks against the bank statement and completing the other tasks listed on Attachment IV.

2. Report the reconciliation findings via the "Bank Account Reconciliation" (Attachment III) to the Department Controller. If the Department's Controller does not possess line authority over the fiscal staff or the staff member responsible for the account(s) in a particular division or a facility, the completed "Off Budget Bank Accounts reconciliation Form" shall be sent to the director of that division, with a copy to the Controller. If the bank account does not reconcile, a written statement must be attached describing the reasons for the discrepancy. Discrepancies shall be explored and satisfactorily resolved by the employee responsible for reconciling the account, if possible, within ten (10) working days after the discrepancy is reported.
3. Discrepancies that are not satisfactorily resolved shall be investigated by the Department's Controller or a designee and reported to the applicable division director who has the account, the Director of DMSS and others as required within ten (10) working days after the discrepancy is declared un-resolvable.
4. The Controller or a designee shall aid the person responsible for the account in satisfactorily reconciling it. If the account does not satisfactorily reconcile for three (3) months in any twelve month period, within ten working days of the date of the last unsatisfactory reconciliation, the Controller shall recommend to the Director of DMSS (1) a corrective action plan to resolve the account problems or (2) that the account be closed. The Department's Controller shall oversee the disbursement of the remaining funds.
5. The account custodian shall retain all voided and canceled checks, disbursement records, deposit slips, bank statements and other documents and information relevant to each account in accordance with the State records retention schedule.

**II. TO BE COMPLETED BY AGENCY AFTER OPENING AN ACCOUNT
(WITH A COPY RETURNED TO THE CONTROLLER)**

Date Opened: _____

Account Name: _____

Opening Balance: _____

Account Number: _____

**DEPARTMENT OF SERVICES FOR CHILDREN,
YOUTH AND THEIR FAMILIES**

REQUEST TO CLOSE AN ACCOUNT*

Division: _____

Type of account: Checking _____ Savings _____ Other _____

Bank Name and Location:

Account Name:

Account Number:

Balance of Account: \$ _____

Reason for Closing the Account:

Anticipated use of Balance:

SIGNATURES:

Person Requesting the Account be Closed Date _____

Director of the Division holding the account Date _____

Director of DMSS Date _____

* The account must be reconciled prior to closing.

**DEPARTMENT OF SERVICES FOR CHILDREN, YOUTH
AND THEIR FAMILIES**

BANK ACCOUNT RECONCILIATION

Division and Program Unit and/or Facility:

Name of Account:

Account Number:

Reconciliation Period of Time: _____

Date: _____

Account Custodian: _____

I. Petty Cash Bank Accounts--complete the following for petty cash:

Bank Statement Date: _____ Balance: \$ _____ (copy attached)

Plus Outstanding Deposits (Documentation necessary) \$ _____

Less Outstanding Checks (Documentation necessary) \$ _____

Checkbook Balance: \$ _____ as of (date): _____

Payment Voucher for Reimbursement +\$ _____

Reimbursement in Transit: +\$ _____

Cash on Hand (cash boxes): +\$ _____

Total of Petty Cash Fund: \$ _____

Person Reconciling the Account: _____ (print name)

Signature: _____

Date: _____

II. Other Bank Accounts--complete the following for bank accounts

Bank Statement Date: _____ Balance: \$ _____ (copy attached)

Plus Outstanding Deposits/ACH Returns (Documentation necessary): \$ _____

Less Outstanding Checks/ACH (Documentation necessary): \$ _____

Checkbook Balance: \$ _____ as of (date): _____

Person Reconciling the Account: _____ (print name)

Signature: _____

Date: _____

*Note: Copies of all Bank Account Reconciliation forms shall be sent to the Department's Controller.

**DEPARTMENT OF SERVICES FOR CHILDREN, YOUTH AND THEIR
FAMILIES**

**STEPS TO BE COMPLETED WHEN RECONCILING
A BANK ACCOUNT**

- 1) Check deposits and canceled checks against the bank statement.
- 2) Check the signatures on each check.
- 3) Check and reconcile voided checks.
- 4) Check receipts against payments.
- 5) Check the payees against the receipts and other documentation.
- 6) Check payments against the justification for the account existence.
- 7) Check all information given with the monthly documents.