

Outside Bank Account Policy and Procedures



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Purpose:

The purpose of the Outside Bank Account Policy and Procedures is to ensure compliance with state code section §12-2-3 which governs deposits of monies not due the state. These policies and procedures are published to provide a comprehensive guide to state agencies which have established or need to establish bank accounts outside of the state treasury.

Policy:

The State Treasurer's Office (STO) reviews all requests for outside bank accounts from state agencies. Any accounts approved by the STO will be established and maintained in accordance with West Virginia code §12-2-3. The STO will request various types of information throughout the year to help analyze and review the maintenance of the accounts by the state agencies.

Procedures:

I. What is an outside bank account?

A. An outside bank account is an account operated by a state agency outside of the state treasury. It consists of monies not due the state. The State Treasurer's Office approves and monitors these accounts as set forth in West Virginia Code Section §12-2-3.

B. *§12-2-3. Deposit of moneys not due the state.*

All officials and employees of the state authorized to accept moneys that the state treasurer determines or that this code specifies are not funds due the state pursuant to the provisions of section two of this article shall deposit the moneys, as soon as practicable, in the manner and in the depository specified by the treasurer. The treasurer shall prescribe the forms and procedures for depositing the moneys. A spending unit shall obtain written authorization from the state treasurer before depositing the funds in an account outside the treasury. Upon the treasurer's written revocation of the authorization, the spending unit shall deposit funds deposited in an account outside the treasury in the treasury in the manner and in the depository specified by the treasurer. The treasurer is the final determining authority as to whether these funds are funds due or not due the state pursuant to section two of this article. The treasurer shall on a quarterly basis provide the legislative auditor with a report of all accounts approved by him or her.

C. There are penalties for opening an outside bank account without prior STO authorization. See West Virginia Code Section §12-2-6 for more information.

II. Opening an Outside Bank Account

A. The state agency requesting the account must complete the Request to Open an Outside Bank Account form and submit it to the STO.

B. The STO will approve or deny the request.

- C. If the account is approved, the STO will contact the bank at which the account is to be set up and provide the bank with the necessary information to open the account.
- D. The bank will then send a copy of the signature cards and other information to be completed, along with the account number, to the STO.
- E. The STO will forward the approved Request to Open an Outside Bank Account form and the signature card along with any other account information to the state agency.
- F. The state agency will open the account at approved state depository as “State of West Virginia – agency name”
- G. The state agency will complete the signature card and any other required information and return a copy to the STO and forward the originals to the bank.
- H. The state agency will begin using their new account as usual.

III. Maintaining Control Over Outside Bank Accounts

- A. At the end of each fiscal year, **as of June 30 and due by July 31**, and at various times determined by the STO, state agencies maintaining outside bank accounts must provide the following information:
 - 1. Bank statements
 - 2. Bank reconciliations
 - 3. Itemized list of outstanding checks; including check number, date the check was written, the amount, and the federal funding percentage.
 - 4. Any other information requested by the STO
- B. All federal grant money must be handled in accordance with the grant requirements and other federal regulations. It is the responsibility of the agency to ensure compliance.
- C. All funds in outside bank accounts are subject to the Uniform Unclaimed Property Act. Any information collected will be made available to the WVSTO Unclaimed Property division to ensure compliance with these reporting requirements.
- D. State Agencies should immediately notify the STO in writing of any of the following changes:
 - 1. Change of bank ABA or account number due to bank mergers.

2. Change of any authorized persons on an account along with a copy of updated signature cards.
 3. Change of contact information for an account.
 4. Any other changes the agency feels the STO should be aware of.
- E. State agencies should maintain as much internal control over outside bank accounts as possible. Some internal control suggestions would be:
1. Persons who sign the checks or reconcile the accounts should not have possession of the check book.
 2. Two signatures should be required when possible.
 3. Accounts should be reconciled on a monthly basis.
 4. Reconciliations should be signed by the preparer and reviewer.
 5. Have an independent review or audit performed annually or biannually.

IV. Closing an Outside Bank Account

- A. The state agency should make sure all transactions have cleared the account to be closed and ensure the account has a zero balance.
- B. The agency will then complete the Request to Close an Outside Bank Account form and forward it to the STO.
- C. The STO will then forward a copy of the request to the bank and verify the account has been closed.
- D. The STO will then forward a copy of the approved close request to the state agency for their records.

V. Collateral

- A. The STO monitors the use of outside bank accounts to help ensure all state money at financial institutions are properly collateralized to reduce the state's financial risk. All monies kept in outside bank accounts are collateralized under West Virginia Code Section §12-1-4.
- B. Financial institutions are required to submit a quarterly report on all state owned accounts to the STO.
- C. The pledged security must meet certain requirements and it must be approved by the STO.

- D. The value of any pledged security shall be determined by the STO
- E. All pledged securities must be delivered to the safekeeping agent designated by the STO. This is currently BB&T.
- F. Withdrawal or substitution of any pledged security must be approved by the STO.
- G. The amount of state funds on deposit in excess of the amount insured by an agency of federal government must at least be 102% of the market value of collateral pledged at any time.
- H. The STO reserves the right to require a larger balance of securities to be pledged by any financial institution.