BANK ACCOUNTS **19462**
(Revised 12/2013)

Departments may be authorized either by statute or by approval from the Department of Finance (Finance), Fiscal Systems and Consulting Unit, (FSCU) to deposit moneys not under the control of the State Treasurer (Treasurer) in banks outside of the centralized State Treasury System (CTS).

Departments that have statutory authority to deposit state moneys in banks outside the CTS without Finance approval should adhere to the conditions prescribed by the Director of Finance and must notify the Treasurer by letter stating the name and location of the bank, amount, source, and purpose of the funds to be deposited, and the type and term of the deposit arrangement. In addition, departments that have statutory authority to deposit outside the CTS without Finance approval must submit the report required by Condition 4 of this section.

Departments without such statutory authority will request approval from Finance, FSCU by letter to deposit state moneys in bank accounts outside the CTS. See SAM section 8002.

The following conditions are prescribed by the Director of Finance for depositing moneys in bank accounts outside the CTS:

1. Unless otherwise exempted by statute, a department must have approval from Finance, FSCU to maintain the account outside the CTS.
2. Except as otherwise provided by law, General Fund money will not be deposited with banks by any state officer other than the Treasurer.
3. Deposits shall not exceed the Federal Deposit Insurance Corporation (FDIC) limit in any one bank, including all of its branches. However, departments may deposit in excess of the FDIC limit in any one bank if the department notifies the Treasurer that deposit collateral requirements have been met. See SAM section 8002 for collateral requirements.
4. The Report of Accounts Outside the State Treasury form, STD. Form 445 stating the balance as of June 30, the purpose and the authority for each account shall be submitted annually to STO and SCO by August 20 or the following Monday if August 20 falls on a weekend. If the account has been closed during the reporting period, departments must specify the date the account was closed. See SAM sections 7930, 7951, and 7975.
5. Bank statements for each account indicating collateralization on Report 14 shall be submitted semi-annually to STO, Collateral Management Section, by February 1 (monthly bank statement stating bank balances as of December 31) and August 20 (monthly bank statement stating bank balances as of June 30).

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6. No person shall make withdrawals until a bank signature card has been properly completed. The same statement shown in SAM section 8001.2 pertaining to the necessity of two authorized signatures for withdrawals in excess of $15,000 is required.

Any department that maintains account balances close to the FDIC limit should periodically review its bank account balances to make certain that the maximum insured amount will not be exceeded when interest earnings are added to the accounts. Departments are responsible for making arrangements with the bank to allow interest payments to be sent directly to the department when such payments would increase the balance of an account in excess of the maximum insurable amount. These excess amounts may be deposited in another bank (upon approval by Finance, FSCU) or within the CTS.

The deposit of state moneys in bank accounts should permit the maximum earnings of interest and the ready access to a reasonable amount of cash to meet unusual demands, in addition to cash held in the CTS account to meet ordinary withdrawal demands.

Departments should assure that time or interest-bearing term deposits are held until expiration of the certificate or certificate of deposit to avoid early withdrawal penalties. Federal regulations require a substantial interest penalty for early withdrawals of principal. Generally, no interest is earned for 90 days immediately preceding the withdrawal and any applicable interest earning are calculated at the current rate on regular accounts.