Policy No: 1305
Policy Name: Bank Account Authorization

Effective Date: July 1, 2001
Revision Date: June 30, 2011
Approved by: Kathleen M. Byington
Vice President
Administration & Finance
Last Approval Date: June 28, 2011

Purpose:
To ensure compliance with state policies and procedures concerning special agency bank accounts.

Policy:
The University of Maryland, Baltimore (UMB) in accordance with the State of Maryland policies and procedures, authorizes the use of special agency bank accounts only if prior approval has been received from the State Treasurer's office. For these accounts, proper procedures must be followed to ensure the safeguarding of the funds.

Scope:
The University of Maryland, Baltimore deposits all revenue and expends all funds through the State Treasurer’s Office. On occasion and under special circumstances, such as research conducted in a foreign country, the campus may open a bank account to be utilized for a specific purpose. These accounts must be approved in advance by the State Treasurer’s office.

Definitions and Terms:
Fund Custodian- Person authorized to process checks (not authorized to sign OR approve OR reconcile)

Eligible Financial Institution- The State Treasurer’s office determines the banks that all state agencies are allowed to do business with. The list may change based on the State’s periodic procurement bids for banking services. If one of the listed banks is not available in the area where business is conducted (ex. a foreign country) then a different bank may be authorized.

UMB Component Unit- A component unit is a legally separate organization for which the management of UMB is financially accountable.

Restrictions and Exclusions:
Bank accounts opened under a UMB component unit or affiliated corporation, such as a separate corporation created to do business in a foreign country, are excluded.

Responsibilities:
UMB must obtain approval from the State Treasurer’s Office in advance to open bank accounts which are used to deposit and disburse funds for a specific purpose. UMB is also required to notify the State Treasurer’s Office when an existing bank account is closed. Any school, department, or division requesting a new bank account, or to close an existing one, must fill out the Bank Account Action Form. Financial Services will submit the appropriate information to the
banking services division of the State Treasurer’s Office.

Once a special agency bank account has been authorized by the State Treasurer’s office, department personnel are responsible for the adequate documentation and approval of transactions running through the bank account and performance of monthly reconciliations.

Related / Impacted Policies:
N/A

Procedures:

A. Setting up a Bank Account
1. Select an eligible financial institution (provided in a drop-down list on the Bank Account Action form) that is currently under contract with the State of Maryland and contact the designated state representative for that bank. The representative should reserve a bank account number pending final approval from the State Treasurer’s office.
2. Department fills out the Bank Account Action Form and forwards it to the Associate Director, Financial Services. Supporting documentation that describes the purpose of the account, and how the account will be managed and controlled, must be submitted with the request. The supporting documentation should also include a description of the cash flow into and out of the account.
3. For foreign bank accounts, there must be at least two authorized signers on the Baltimore campus, in addition to the authorized signer(s) in the foreign country.
4. Once the form is reviewed for completeness, Financial Services will process the State Treasurer’s Office X–1 Request Form and submit it to the State Treasurer’s Office in Annapolis.
5. Upon receiving final approval, the State Treasurer’s Office will send an approved request form to Financial Services.
6. Financial Services will send the approved request form to the department. This page should then be supplied to the applicable financial institution as final authorization to open the new bank account.
7. If the request is denied, the State Treasurer’s office will provide Financial Services with a denial notification and an explanation for the reason for the denial.

B. Process and Reporting Requirements
1. The Fund Custodian should not be the person who approves or signs checks, or performs the monthly bank reconciliation.
2. Checks should have two signatures whenever possible.
3. Accounts must be reconciled on a monthly basis within 21 days of the end of the month.
4. Reconciliations should be reviewed and approved by an individual within the department who cannot authorize a check to be processed. All reconciliations should be signed and dated by the reconciler and a department administrator.
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5. A copy of the reconciliation must be forwarded to Financial Services for the months of March, June, September and December within 21 days of the end of the month.

C. Changes to the Bank Account
   1. Departments must complete the Bank Account Action Form if there are any changes to the account since the initial information was submitted, and forward it to the Associate Director, Financial Services.
   2. Once the form is reviewed, Financial Services will process the State Treasurer’s Office X–1 Request Form and submit it to the State Treasurer’s Office in Annapolis, if appropriate.

D. Closing the Bank Account
   1. Departments must complete the Bank Account Action Form if a bank account is closed and forward it to the Associate Director, Financial Services.
   2. The department must attach to the request form a bank statement with a zero balance and the word “Closed” found on the last statement received.
   3. Once the form is reviewed for completeness, Financial Services will process the State Treasurer’s Office X–1 Request Form and submit it to the State Treasurer’s Office in Annapolis.

Forms:
Bank Account Action Form –