

POLICY # 407	SUBJECT: Bank and Subsidiary Account Management – Petty Cash, Emergency Needs, and Client Trust Accounts
EFFECTIVE DATE: November 1, 1993 REVISION DATE: May 12, 2008, June 29, 2017	Page 1 of 9
Approved By: Josette Manning, Cabinet Secretary	

DELAWARE CHILDREN’S DEPARTMENT POLICY

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

This policy applies to all bank accounts that 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. Sound accounting and auditing practices, regulations and procedures address the management of bank accounts. In addition, Section Chapter 7 of the State of Delaware's "Budget and Accounting Manual," which carries the force of law, contains information regarding petty cash management/reconciliation and Appendix K contains forms for, and State requirements for opening, changing, and closing bank accounts.

It is Department policy that the First State Financials (FSF) system 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 FSF, 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Only funds from the proper sources and for the purposes for which the bank account was established shall be deposited, withdrawn or disbursed from a given account.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.

POLICY # 407	SUBJECT: Bank and Subsidiary Account Management – Petty Cash, Emergency Needs, and Client Trust Accounts
EFFECTIVE DATE: November 1, 1993 REVISION DATE: May 12, 2008, June 29, 2017	Page 2 of 9

III. PROCEDURES

A. Management and Coordination of the Activities and Procedures

1. The Department's Controller shall receive, review and distribute and/or submit information and reports related to bank accounts management.
2. 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 the Division of Management Support Services (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. Approved requests will be forwarded to the Department's Controller who will submit the request to the Department of Finance, Division of Accounting (DOA) and then to the Office of the State Treasurer (OST) as per the requirements provided in Chapter 7 of the State "Budget and Accounting Manual." Departments/divisions cannot establish Bank Accounts without the written permission of the both Division of Accounting and the Office of the State Treasurer.
3. 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. The account custodian may not sign petty cash checks.
4. All accounts shall require two signatures on checks and under no circumstances shall checks be pre-signed. The names and signatures of those persons authorized to sign petty cash checks must be on record with the Secretary of Finance. An Organization may change an authorizing signature with the approval of the Secretary of Finance. 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 cannot be closed. Approved requests to close a bank account will be submitted to the Department Controller who will submit the request to the Division of

POLICY # 407	SUBJECT: Bank and Subsidiary Account Management – Petty Cash, Emergency Needs, and Client Trust Accounts
EFFECTIVE DATE: November 1, 1993 REVISION DATE: May 12, 2008, June 29, 2017	Page 3 of 9

Accounting and Office of the State Treasurer as per the requirements of Chapter 7, Budget and Accounting Manual.

5. 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.
6. 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.
7. 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

1. 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). No petty cash, emergency needs, or client trust checks are to be drawn in excess of \$500.
2. The persons responsible for reconciling accounts shall:
 - i. 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.
 - ii. 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

POLICY # 407	SUBJECT: Bank and Subsidiary Account Management – Petty Cash, Emergency Needs, and Client Trust Accounts
EFFECTIVE DATE: November 1, 1993 REVISION DATE: May 12, 2008, June 29, 2017	Page 4 of 9

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.

- iii. 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.

IV. RESPONSIBILITY FOR THIS POLICY

Fiscal Services is responsible for providing guidance regarding this policy.

POLICY # 407	SUBJECT: Bank and Subsidiary Account Management – Petty Cash, Emergency Needs, and Client Trust Accounts
EFFECTIVE DATE: November 1, 1993 REVISION DATE: May 12, 2008, June 29, 2017	Page 5 of 9

ATTACHMENT I

DELAWARE CHILDREN’S DEPARTMENT

REQUEST TO OPEN A BANK ACCOUNT

Division: _____

Purpose of the Account:

Type of account: Checking _____ Savings _____ Other _____

Bank:

Source of Funds:

Expected Average Balance: \$ _____

Authorized Signatures:

1.

2.

SIGNATURES:

Person Requesting the Account

Date

Director of Division holding the Account

Date

Director of DMSS

Date

POLICY # 407	SUBJECT: Bank and Subsidiary Account Management – Petty Cash, Emergency Needs, and Client Trust Accounts
EFFECTIVE DATE: November 1, 1993 REVISION DATE: May 12, 2008, June 29, 2017	Page 6 of 9

ATTACHMENT II
DELAWARE CHILDREN’S DEPARTMENT
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 Account be Closed

Date

Director of the Division Holding the Account

Date

Director of DMSS

Date

* The account must be reconciled prior to closing

POLICY # 407	SUBJECT: Bank and Subsidiary Account Management – Petty Cash, Emergency Needs, and Client Trust Accounts
EFFECTIVE DATE: November 1, 1993 REVISION DATE: May 12, 2008, June 29, 2017	Page 7 of 9
Approved By: Josette Manning, Cabinet Secretary	

ATTACHMENT III

DELAWARE CHILDREN'S DEPARTMENT

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: _____

POLICY # 407	SUBJECT: Bank and Subsidiary Account Management – Petty Cash, Emergency Needs, and Client Trust Accounts
EFFECTIVE DATE: November 1, 1993 REVISION DATE: May 12, 2008, June 29, 2017	Page 8 of 9
Approved By: Josette Manning, Cabinet Secretary	

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.

POLICY # 407	SUBJECT: Bank and Subsidiary Account Management – Petty Cash, Emergency Needs, and Client Trust Accounts
EFFECTIVE DATE: November 1, 1993 REVISION DATE: May 12, 2008, June 29, 2017	Page 9 of 9

ATTACHMENT IV

DELAWARE CHILDREN'S DEPARTMENT

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.