

**TITLE: BANKING SERVICES**

**PURPOSE:** To govern the use of current Banking services, to include trust account services for Center clients, and to ensure the best use of Center resources in the procurement of banking services.

This is a revised policy and supersedes the Banking Services Policy dated September 16, 2004.

[Key Words: Banking, Signature Authority, Client Trust Fund, Operating Account, Payroll, Accounts Payable]

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**POLICY STATEMENT:**

The Center shall review the procurement of banking services periodically, but not less than every four years, to assure best value.

**POLICY ELABORATION:**

**I. DEFINITIONS**

- A. "Accounts Payable Account" - a checking account through which the Center's vendors are paid.
- B. "Authorize" – to administer over, to empower. For the purpose of this policy, authorize refers to those individuals acting on behalf of the Board of Trustees and their Board Policies.
- C. "Bank" means a:
  - 1. Bank organized under the laws of this state, another state, or federal law that has its main office or a branch office in this state; or

2. Savings and loan association or savings bank organized under the laws of this state, another state, or federal law that has its main office or a branch office in this state.
- D. "Bank Accounts" - funds deposited in a bank that are credited to and subject to withdrawal by the depositor.
- E. "Check(s)" – a draft signed by the maker or drawer, drawn on any Center bank account, payable on demand, and unlimited in negotiability.
- F. "Client Trust Fund Account" - a fund designated specifically for Social Security Income checks for consumers or who have requested the Center to be their payee or where the courts have assigned the Center to be the consumer's payee.
- G. "Electronic Transfer of Funds" – means any transfer of funds, other than a transaction originated by check, draft, or similar paper instrument, which is initiated through an electronic terminal, telephonic instrument, computer or magnetic tape so as to order, instruct, or authorize a financial institution to debit or credit an account.
- H. "Operating Account" - an interest bearing account with a compensating balance, as defined by the bank, where the day-to-day business transactions occur. No checks are written against this account.
- I. "Payroll Account" - a checking account through which the Center's employees are paid.

## **II. PROCUREMENT**

The Fiscal Department will procure banking services, through a Request for Proposal, as needed, to assure best value.

Annually, the Fiscal Department will analyze the cost of banking services and report them to the Finance Committee for review.

### **III. BANK ACCOUNTS**

The Center for Health Care Services shall maintain sufficient bank accounts in a number as approved by the Board from time to time. At a minimum, the accounts shall be Payroll Account, Accounts Payable Account, Client Trust Fund Account, and Operating Account.

### **IV. ELECTRONIC BANKING**

The Center will participate in electronic banking which will enhance both the timeliness and security of funds being transferred. The Accounting Department will maintain a list of electronic banking vendors, which will be reviewed and approved by the Director of Accounting Services or the Chief Financial Officer.

### **V. AUTHORIZATION OF SIGNATURE AUTHORITY**

- A. The amounts and manner of signing checks and/or electronic transfers shall be as follows:
1. Signatories shall not sign any checks made payable to the order of themselves.
  2. Checks less than \$10,000 shall be signed by any two signatories listed in Paragraph V. B. below. A signature facsimile machine containing two signatures from Paragraph V. B. below may be used to sign checks within this range. The plate for the signature facsimile shall be stored in the accounting safe and access shall be limited to the accounting staff.

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3. Any check of at least \$10,000 but less than \$500,000 shall be hand-signed by two of the approved signatories designated in Paragraph V. B. below. A list of these checks will be reviewed by the Finance Committee at their next scheduled meeting.
4. Any electronic fund transfer in the amount of \$500,000 or less shall be authorized by any two of the signatories as shown in Paragraph V. B. below. For exceptions, reference V. A. 7. Once authorized, the Director of Accounting Services or designee can make the electronic fund transfer disbursement. A list of all electronic fund transfer disbursements will be reviewed by the Finance Committee at their next scheduled meeting.
5. Checks or electronic transfers in the amount of \$500,000 or more shall be signed or authorized by the Executive Director and one of the following individuals:
  - a. Chairman of the Board of Trustees
  - b. Vice-Chairman of the Board of Trustees
  - c. Secretary-Treasurer of the Board of Trustees

In the absence of the Executive Director, the Chief Financial Officer or Chief Operating Officer will sign or authorize.

6. Funds are transferred from the Operating Account to the Accounts Payable Account and Payroll Account, as needed on a daily basis, by the bank.
7. The Director of Accounting Services or designee can make electronic transfers from the Operating Account

to the Tex-Pool for investments, retirement fund deposits, payroll account deposits, payroll tax deposits, and payments for the Center's Cafeteria Plan.

(Reference attached summary of the Amounts and Manner of Signing Checks and/or Electronic Transfers)

- B. The following shall sign checks and/or authorize electronic transfers on behalf of the Board, in the amounts and manner specified elsewhere in this policy:
1. Executive Director
  2. Chief Financial Officer
  3. Chief Operating Officer
  4. Director of Accounting Services
- C. The Chief Financial Officer will establish procedures for the control and documentation requirements over the disbursement of funds.

**REFERENCES/BIBLIOGRAPHY:**

Guidelines for Annual Financial and Compliance Audits of Community MHMR Centers  
State Performance Contracts  
Texas Banking Act  
Public Funds Investment Act

**OFFICE OF PRIMARY RESPONSIBILITY:**

Chief Financial Officer