

A8.800 Disbursing/Accounts Payable and Payroll

p 1 of 8

A8.845 Procedures to Establish, Close, and Change Custodian/
Alternate - Departmental Checking Account

1. Purpose

To provide procedures to establish, close, or change the custodian/alternate of the Departmental Checking account.

The Departmental Checking Account Request, (Form DC-1 - Attachment 1), is used to initiate the required action.

2. Responsibilities

- a. Each Campus/Department Office that requires the establishment, closing, or changing of the custodian/ alternate of a Departmental checking account is responsible for submitting the original Departmental Checking Account Request to the Disbursing Office.
- b. The Disbursing Office is responsible for coordinating action requests internally within the University organization and the Financial Management Information System (FMIS) as well as externally with the Bank to open or close the Bank subaccount.
- c. The General Accounting and Loan Collection Office (GALC) will update records for proper execution of responsibilities.
- d. The Internal Auditor's Office will update records for proper execution of responsibilities.

3. Guidelines

a. Establishment of a Bank Concentration Subaccount

The Disbursing Office will coordinate requests to establish a Departmental Checking account by establishing a commercial Bank concentration subaccount and a corresponding FMIS Bank account. No cash is required to sustain the subaccount.

b. Appointment of the Custodian and Alternate

The Departmental check custodian and the Departmental check alternate should be regular, full-time University employees. In many situations, the custodians and alternates are clerks, account clerks, etc., who can provide a safeguard (separation of duties) for Departmental checking account operations.

The duties of the Departmental check custodian/alternate and the approving authority must be strictly segregated. Designating a Fiscal Officer as a custodian will be considered as a last resort measure, and allowed only if the Fiscal Officer does not authorize the specific purchases and payments. Internal control against improprieties are strengthened by the separation of duties. Duties of the Departmental check reconciler and the vendor administrator are also to be segregated from the custodian/alternate.

c. Authorization of Departmental Checking Account Request (Form DC-1)

All Departmental Checking Account Requests must be approved by the Campus/Department Head (Dean/Director/Provost/Chancellor/Vice-President) and the Fiscal Officer. The Fiscal Officer assumes responsibility for the proper execution of administrative duties while the Campus/Department Head is ultimately responsible for the proper administration of the Departmental Checking Account and will be held accountable.

4. Procedures

a. Establishment Procedures

1) Campus/Department Office:

- a) Campus/Department Offices seeking to establish a Departmental checking account must submit the original Departmental Checking Account Request (Form DC-1) to the Disbursing Office for review at least one month in advance of expected implementation.
- b) The appointed custodian and the alternate are to be identified on the form with signature specimens provided. These appointments must be consistent with the guidelines for selection and separation of duties as specified in section 3.b of this procedure.

2) Disbursing Office:

- a) Upon approval by the Director of Financial Management & Controller, a Bank subaccount and a corresponding FMIS Bank will be established.

A Bank signature card will be sent to the campus/department office with instructions to obtain the signature specimens of the custodian and the alternate. Black ink must be used for all signature specimens. The signature card will then be approved by the Director of Financial Management & Controller and the Secretary of the Board of Regents. The BOR corporate seal will also be affixed on the card.

- b) A transmittal memo will be sent to the Campus/Department Head with the signature card and a copy of the approved Departmental Checking Account Request (Form DC-1). Copies of the approved Departmental Checking Account Request are also sent to GALC and the Internal Auditor.

Campus/department units are responsible for the ordering of Departmental checks which must be printed in the established format. Printing of the

checks are covered by a formal bid process and each campus/department unit is to order Departmental checks through the selected vendor. Contact the Disbursing Office for current information on the ordering of checks.

3) General Accounting and Loan Collection Office:

The General Accounting and Loan Collection Office updates records for proper reconciliation of University cash balances.

4) Internal Auditor's Office:

The Internal Auditor's Office updates records for the scheduling of audits.

b. Close Procedures

1) Campus/Department Office:

a) Campus/Department Offices requesting the closing of a Departmental checking account must submit an original Departmental Checking Account Request (Form DC-1) to the Disbursing Office.

b) Request to close the Departmental checking account must be justified with an explanation of the situation unless the action was dictated by the Disbursing Office.

2) Disbursing Office:

a) Upon approval of the Departmental checking account closing by the Director of Financial Management & Controller, the Disbursing Office will close the Bank subaccount and the corresponding FMIS Bank.

b) The campus/department office will be sent a copy of the approved Departmental Checking Account Request (Form DC-1) for record purposes. Copies are also sent to GALC and the Internal Auditor.

3) General Accounting and Loan Collection Office:

The General Accounting and Loan Collection Office will close Departmental checking records for the Department.

4) Internal Auditor's Office:

The Internal Auditor's Office will close Departmental checking records for the Department.

c. Change in Custodian/Alternate Procedures

1) Campus/Department Office:

a) Campus/Department Offices requesting changes in custodians or alternates must submit the original Departmental Checking Account Request (Form DC-1) to the Disbursing Office.

b) The appointed "New" custodian and/or the appointed "New" alternate are to be identified on the form and must provide signature specimens. These changes in appointments must be consistent with the guidelines for selection and separation of duties as specified in section 3.b of this procedure.

2) Disbursing Office:

a) Upon approval by the Director of Financial Management & Controller, a copy of the approved Departmental Checking Account Request (Form DC-1) will be transmitted to the Campus/Department Head. Copies are also sent to GALC and the Internal Auditor.

b) A bank signature card will be sent to the campus/department office with instructions to obtain the signature specimens of the custodian and the alternate. Both the custodian and alternate must sign the card because the card must reflect the current status and will supersede the previous card (i.e. Both custodian and alternate must sign even if only one has been replaced). Black ink must be used for all signature specimens. The signature card will be approved by the Director of Financial Management & Controller and the Secretary for the Board of Regents. The BOR corporate seal will also be affixed on the card before transmittal

to the Bank. A copy of the completed bank signature card will be returned to the campus/department office to indicate completion of the process.

3) General Accounting and Loan Collection Office:

The General Accounting and Loan Collection Office updates records for proper reconciliation of University cash balances.

4) Internal Auditor's Office:

The Internal Auditor's Office will update records for proper execution of responsibilities.

5. Departmental Checking Account Request (Form DC-1) (Attachment 1)

a. Detailed Instructions for Completing the "Departmental Checking Account Request" form

1) Requesting UH Campus/Dept.: Enter the appropriate campus and department (e.g. Agr-Bio Chem, Honolulu CC, etc.).

2) Date: Enter the month, day, and year on which the form is being submitted (e.g. 03/31/96).

3) Action Requested: Check the appropriate block.

4) Explanation/Justification for Request/Physical Security: Provide an explanation/justification for the request. Describe the physical security measures that will be instituted to safeguard the Departmental checking account (e.g. storage of checks in a safe with limited access, safety glass or a deadbolt installed in building, etc.).

Attach a separate page if additional space is required.

5) Location of Fund - Bldg/Room #: Enter the name or number of the building and the room number in which the Departmental checks are kept.

6) Custodian/Alternate - Signature Specimen and Name: The custodian and alternate signature specimens and names are required for requests to establish a Departmental checking account.

The new custodian/alternate signature specimen and name are required for any requested change in custodian/alternate. The former custodian/alternate must also be identified.

- 7) The Dean/Director/Provost/Chancellor/Vice-President and the Fiscal Officer are to sign and date the completed form to certify approval of the request and to certify provision for separation of duties and custodian/alternate familiarity with Departmental checking account procedures. Indicate the Name/Title of the Campus/Department Head, the Fiscal Officer's code and telephone number.

Note: Do not fill in the bottom portion of the form. Central Office approval signatures will be reflected in this section.

b. Availability of Forms

The Departmental Checking Account Request (Form DC-1) should be reproduced as required.

UNIVERSITY OF HAWAII Departmental Checking Account Request

Requesting UH Campus/Dept.: _____ Date: ____/____/____

Action Requested : Establishment Change in Custodian/Alternate
 Close

Explanation/Justification for Request/Basis for Amount/Physical Security:

Location of Fund Bldg./Room #: _____

Custodian: _____
New Custodian Signature

New Custodian Name (Print or Type)

Former Custodian Name (Print or Type)

Alternate: _____
New Alternate Signature

New Alternate Name (Print or Type)

Former Alternate Name (Print or Name)

I certify that provisions have been made for the separation of duties and that the custodian and the alternate are completely familiar with Departmental checking account procedures.
I certify approval of the requested action.

Signature-Dean/Director/Provost/Chancellor/Vice-Pres. _____ Date _____ Fiscal Officer Signature _____ Date _____

Name/Title (Print or Type) _____ F. O. Code _____ Phone # _____

DISBURSING OFFICE USE ONLY

FMIS Bank Number: _____ Commercial Bank Account No.: _____ Pre-Audit Clerk: _____

Reviewed by: _____ Approved by: _____
Director of Disbursing Date _____ Dir. of Fin Mgt & Controller Date _____

General Instructions: Submit the original document to the Disbursing Office.