

Volume No. 1—Policies & Procedures	TOPIC NO.	20210
Function No. 20900—General Accounting	TOPIC	BANK AND CASH MANAGEMENT SERVICES
Section No. 20200— Cash Receipts Accounting	DATE	June 2004

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Overview

Introduction The Department of the Treasury (Treasury) is responsible for developing, monitoring, and controlling the Commonwealth's banking network and cash management services. Treasury's Division of Cash Management and Investments has specific expertise in banking and cash management. Treasury is able to negotiate high quality banking and cash management services contracts at the most advantageous price by taking advantage of the size and volume of the Commonwealth's consolidated banking activity.

Policy Treasury, under authority of Sections 2.1-180, 2.1-180.1 and 2.1-209 of the *Code of Virginia* (1950), as amended, governs the procurement of bank services and bank-related cash management services for funds of the Commonwealth. With the publication of these policy and procedures, Treasurer's Directive #1-85 concerning the procurement of banking and bank-related cash management services is hereby rescinded and replaced.

Procedures

Introduction The procurement of bank services and bank-related cash management services by agencies and institutions of the Commonwealth shall adhere to the requirements outlined in the Department of General Services, Division of Purchases and Supply, *Agency Procurement and Surplus Property Manual*. Additionally, they must comply with the following procedures:

Bank Services Treasury shall procure all statewide or specialized banking services that utilize a Concentration Bank, as defined in the *Code of Virginia*, Section 2.1-180, to provide Statewide services and concentration of State funds. Questions on interpretation of this Code Section can be resolved by contacting Treasury's Manager of Cash and Banking Services at (804) 225-2648.

In evaluating procurement options for bank services, the *Bank Selection Criteria Guide* is to be used, along with any other relevant selection criteria.

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Bank Selection Criteria Guide Section 2.1-209 of the *Code of Virginia* authorizes the State Treasurer to designate the State depositories to be utilized by the agencies and institutions of the Commonwealth.

Requirements to Qualify as a State Depository

The following minimum requirements must be met by a financial institution to qualify as a State depository:

- Authorized by the *Code Of Virginia* to operate as a financial institution in the Commonwealth of Virginia;
- Qualified as a public depository in good standing under the Virginia Security for Public Deposits Act;
- Executed a *General Account Banking Agreement*;
- Insured by the F.D.I.C.; and,
- Approved by the State Treasurer as a State depository.

Minimum Services Provided by State Depositories

A financial institution designated as a State depository should provide the following services, as a minimum:

- Commercial availability schedules as governed by the Federal Reserve Bank;
- Standard deposit cut-off time;
- Uniform hours of operation;
- Change and currency service;
- Daily, weekly or monthly account statements as required;
- Ability to accept electronic debits related to the Commonwealth's cash concentration system;
- Willingness to be compensated for services through direct fees, compensating balances or a combination of both; and
- Adherence to any unique operational requirements of the State Treasurer.

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Additional Criteria for State Depositories

Financial institutions which qualify as State depositories shall be selected based on criteria relevant to the services required. Listed below are some of the criteria used in selecting banks to provide services. This listing is not all inclusive nor are all criteria applied in every procurement.

- Designation as a Concentration Bank (includes branches of Concentration Banks). These banks offer statewide pricing and same day credit for deposits. Use of these banks eliminates the need for an agency to make daily deposit calls and the expense incurred to move deposits to a Concentration Bank. High preference should be given to using a Concentration Bank.
- Overall cost of services.
- Location relative to the State agency or institution.
- Experience with the required service.
- Ability to meet specific requirements of depositing agency or institution.
- Monthly account analysis accurately detailing transactional activity and prices provided on a timely basis.
- Earnings credit applied to account balances.
- Branch network.
- Night depository services.
- Quality of service, including past experience, flexibility, and creativity.
- Quality of cash management department and consulting services.
- Knowledge of state operations.
- Responsiveness to needs or problem situations.
- Processing capabilities.
- Membership in the Virginia Automated Clearing House Association (VACHA).
- Ability to receive and/or originate electronic fund transfer transactions.
- Contingency/Disaster Recovery Plans.
- Timeliness and accuracy of cash and data reporting.

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Bank Selection Treasury is responsible for the designation of all State depositories. State depositories are categorized as either Concentration Banks or Regional Banks. Regional Banks are used as local depositories when use of a Concentration Bank is not practical, primarily due to location. Agencies and institutions are strongly encouraged to use a Concentration Bank when possible. The use of Concentration Banks accelerates the collection of State funds and eliminates the expense of third party deposit reporting and concentration services. A current listing of Concentration Banks is as follows.

Concentration Banks Listing The designation of Concentration Bank applies to all branch locations of the financial institutions listed below:

- *SunTrust Bank*
- *Bank of America*
- *BB&T Bank*
- Wachovia Bank

Bank Selection The selection of Concentration Banks is the sole responsibility of Treasury. Requests for financial institutions to be designated as Regional Banks are initiated by agencies and institutions. These requests must be made in writing. Treasury will review and approve/deny all requests based on the cost/benefit to the Commonwealth. Requests for Regional Bank designations should be sent to:

Manager, Cash and Banking
 Division of Cash Management and Investments
 Department of the Treasury
 P. O. Box 1879
 Richmond, VA 23218-1879

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Selecting and Changing Banks

An agency or institution that wants to select or change the bank it uses as a depository for State funds must submit a “Bank Selection/Change Request” form to Treasury. All sections of the form must be completed and sent to the address on the bottom of the form. Requests should be received by Treasury thirty (30) days prior to the requested change date. Treasury will respond via letter no later than 10 business days from receipt of the request.

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BANK SELECTION/CHANGE REQUEST

Agency Name/Address _____

Contact Name _____
 Authorized Signature _____

 Current Bank Name/Address _____

Mon/Fri Hours: _____ to _____ Sat Hours: _____ to _____
 Night Deposit: __ Yes __ No Adequate Parking: __ Yes __ No
 Drive Through: __ Yes __ No Approximate Distance: _____

 Proposed Bank Name/Address _____

Mon/Fri Hours: _____ to _____ Sat Hours: _____ to _____
 Night Deposit: __ Yes __ No Adequate Parking: __ Yes __ No
 Drive Through: __ Yes __ No Approximate Distance: _____

 Reason for change: _____

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Where to Send Bank Change Request Form Manager, Cash and Banking Services
Division of Cash Management and Investments
Department of the Treasury
P. O. Box 1879
Richmond, VA 23218-1879

Cash Management Services Treasury procures Statewide bank-related cash management services such as lockbox services, cash management consulting services, credit card services, and third-party deposit reporting and cash concentration services for agencies that deposit with Regional banks. An agency or institution may procure cash management services for specialized agency or institution needs **after prior review and formal approval by Treasury.**

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Payment for Bank Services and Cash Management Services

Responsibilities for the payment of banking and cash management services are listed below:

Responsibilities of the Department of the Treasury:

- Regional Bank service charges for Treasurer of Virginia accounts established for the deposit of State funds by agencies and institutions of the Commonwealth.
- Concentration Bank service charges related to: collection or concentration of deposits; disbursement or transfer of State funds; investment of State funds; processing of data involving State funds; maintenance of trust and debt arrangements involving State funds.
- Charges for all banking and cash management services established for agencies and institutions to collect or accelerate the collection of State funds where the cost/benefit is advantageous to the Commonwealth.

Responsibilities of the Individual Agency or Institution:

- Bank service charge for accounts used for petty cash funds.
- Bank service charges for accounts used for non-State funds and local funds (i.e., endowment funds, private funds belonging to the students or inmates of state institutions).
- Bank service charges for services that may reduce agency administrative or personnel costs but do not enhance the cash management objectives of the Commonwealth.
- Bank service charges for any account established for specific State agency or institution programs which are intended to be paid out of program funds.
- Bank service charges for federally funded programs where banking costs can be clearly identified as part of the administrative costs of the program.
- Charges for discretionary banking or bank-related services such as courier services, postage, data processing, or the purchase of night depository bags.
- Charges related to the acceptance and processing of credit card transactions.

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Contacts

Department of the Treasury Manager, Cash and Banking Services (804) 225-2648

Subject Cross References

References Not Applicable
