



Category:  
Financial

Responsible Office:  
[University Controller](#)

Procedure Title:  
State Bank Accounts: Designation of Bank Depositories, Collateral Requirement and Notification, Monthly Reports of Bank Balances, Banking Services, Banking Services Accounting Procedures

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This procedure item applies to:  
State-Operated Campuses  
Statutory Colleges

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Summary

This document outlines the procedures to be used by State University of New York (University) campuses for New York State bank accounts. These procedures cover designation of bank depositories, collateral requirement and notification, monthly reports of bank balances and banking services accounting procedures.

Process

## I. Designation of Bank Depositories

### A. General

The following procedures are to be followed by all campuses of the University for the purpose of establishing, maintaining and closing bank accounts.

### B. Requests to establish bank accounts

1. All campus requests to establish bank accounts must be in writing and processed through the University Controller's Office for review and approval for submission to the Office of the State Comptroller (OSC) pension investments and public finance office.

#### a. The request letter must include the following:

- i. name and purpose of the account;
- ii. statutory reference where applicable;
- iii. justification for establishing the new account;
- iv. estimated initial balance;
- v. estimated maximum balance anticipated on both a short-term and long-term basis;
- vi. a description of the flow of the cash, e.g., "the cash will be held by the agency until disbursed" or "the cash will be transferred to the New York State Treasury";
- vii. address of office making deposits and withdrawals;
- viii. name and title of the official(s) responsible for the account;
- ix. name and location of one or more commercial banks which are in the general area of the office to be served; and
- x. services anticipated to be provided by the bank.

b. Unless specifically approved by OSC, a campus shall not request a bank to provide any service in conjunction with a state bank account, except the following:

- i. standard bank checks – pre-numbered and imprinted with appropriate identification;
- ii. deposit slips; or
- iii. monthly statements.

2. All requests for banking services, other than those outlined above, must be justified by a campus. Such justification must include the potential financial advantage of such services to the state as compared with the cost of such services. This requirement includes services for new accounts and changes to services for existing accounts.

#### C. Designation of depository banks

1. Where an account will not require special banking services, OSC will advise the University Controller's Office of its findings and, if the request is approved, will designate a depository for the account and establish, pursuant to §106 of the NYS Finance Law, the initial level of collateral to secure monies deposited into the account. In turn, the University Controller's Office will advise the campus.

2. Where an account requires special services, OSC requires a depository bank be selected by competitive bidding for such services where feasible. If OSC determines that a depository bank should be selected by competitive bidding, the University is required to prepare in cooperation with OSC a request for proposal (RFP) detailing the services to be provided by a bank. Bank proposals will be evaluated on the basis of the total cost to the state of the requested services and the ability of the bank to perform such services. OSC shall select those candidate banks which will be eligible to participate in the bidding process.

#### D. Closing of bank accounts

Any bank accounts which are no longer needed by a campus should be closed at the earliest convenience. The University Controller's Office must be notified of such action. The University Controller's Office will notify the OSC pension investments and public finance office.

### II. Collateral Requirement and Notification

#### A. General

1. The following procedure is to be used to ensure that banks designated as depositories for state monies have the required amount of collateral on deposit with the state comptroller.

a. All state deposits are required to be collateralized in accordance with §105 and §98-a of the NYS Finance Law.

b. Securities pledged as collateral must be held at the state's fiscal agent. The OSC cash management unit must approve all securities that are pledged and substituted for collateral.

c. Before state money is deposited in a bank, OSC will determine the initial collateral level that must be pledged at the state's fiscal agent. OSC will instruct the state's fiscal agent to open a new escrow account for the bank. At the time of opening, the bank must provide a contact name, address, telephone number and wiring instructions for sending interest paid on the securities.

d. The bank must complete a [Collateral Pledge/Substitution/Release](#) and provide a copy by fax to both OSC and the state's fiscal agent. OSC will approve the transaction and authorize the state's fiscal agent to accept or release the security. The state's fiscal agent will then act upon the authorization from OSC.

e. The OSC office of pension investments and public finance shall advise campus finance officers as to the amount of collateral pledged as security for University funds by depository.

f. The campus business officer shall notify OSC whenever the amount on deposit in a depository bank exceeds the amount of collateral pledged. A letter of notification should be sent to the following address:

NYS Office of the State Comptroller  
Division of Pension Investment and Cash Management  
Cash Management Unit  
110 State Street - 14<sup>th</sup> Floor  
Albany, NY 12236

A copy of the letter should also be sent to:

Office of the University Controller  
State University Plaza  
Albany, NY 12246

### III. Reporting of Balances

A. The University Controller's Office and the OSC office of pension investments and public finance have instituted a wire transmittal process whereby monies in local bank depositories are transferred daily to the New York State Treasury. These monies are drawn from the major fee account at each campus (at the medical centers monies are drawn from the special hospital deposit account). The University Controller's Office coordinates the reporting of balances in these accounts in accordance with NYS Finance Law §107.

1. The reporting of balances in other state accounts maintained at local bank depositories must be made by the individual campuses. On or before the fifth of each month, each campus is to send a report (Monthly Statement of Balances in State Depositories) of these account balances to the University Controller's Office. The report may be faxed to (518) 320-1544 or e-mailed to the appropriate staff member. For the name of the current staff member receiving these reports please contact the University Controller's Office at (518) 320-1438.

2. Contents of the report:
  - a. name of campus;
  - b. date of report;
  - c. name of preparer;
  - d. telephone number of preparer;
  - e. name of the bank(s) of official depository;
  - f. account title;
  - g. account number; and
  - h. bank balance amount(s)

IV. Banking Services Accounting Procedures

A. New York State provides an internal service fund appropriation to cover the cost of banking services incurred by the University. The billing type is determined during the contract negotiations between the vendor and the specific campus. Three payment methods are available to the banking services vendor. The payment methods are:

1. fee based;
2. compensating balance; and
3. payment to vendors without a current contract.

B. The following payment procedures instruct campuses on how to charge the banking services expenses to this funding source.

1. Payment by Standard Voucher (Fee Contract)

- a. The campus prepares a standard voucher payable to the bank through the University voucher preparation (SUVP) transaction by completing the vendor screen (Figure 1):

SUNY VOUCHER PAYMENT COLLECTION				04/01/04	
STANDARD			VENDOR INFORMATION		14: 18: 38
2805 STONY BROOK UNIVERSITY			VOUCHER NUMBER		4038008
PO/REQ/CONT#	PO DATE	INTEREST ELGIBLE	Y	P- CONTR	NUM
PAYMENT DATE	040104	CHECK DATE		LIABILITY DATE	030204
PAYEE ID	364020792	ADDT	ZIP	RT	PAYEE AMT
PAYEE NAME DISCOVER BUSINESS SERVICES			IRS CODE	MERC/INV RECD	DT 031704
ADDRESS PO BOX 3018			STATISTIC TYPE		STATISTIC
CITY NEW ALBANY			REF/INV NO		MULTI
DESC/MAT/SERV DISCOVER CREDIT CARD PYMT 2/04			REF/INV DATE		
COMM GRP # 80127 00 0			DISCRETIONARY PURCHASE		IND D
MERCHANDISE RECEIVED DATE 030204			PAGE NO.	INITIALS TF	
SPECIAL INSTRUCT			DISCOUNT AMOUNT		
INITIALS LML			NET VOUCHER AMOUNT		6, 446. 48
CAMPUS FIELDS 2= 4= 6= 8= 15=			BATCH TYPE		KPV
FUNCTION: S=SUSPEND, X=IGNORE ACTION: V=PAYEE, F=FUNDING, Z=PAYEE FUNDING F=>			PRIOR YR ALLOT		N
P=PRINT MENU, A=A/P COLLECT, C=A/P CHG, I=MULTI INVOICE, T=IRS, M=MENU A=>			NXT PO		
			REQ/REC		VCHR
			ITEM		PAYEE
					INV LOG#

Figure 1

- b. Once the vendor screen is complete and all system edits have been met, depress the ENTER key to move forward to the funding information screen.
- c. The University account number to use is 110812-xx (xx = campus code). The University sub-object of expenditure will be 5874. The sub-account balance will have an edit not to exceed the unencumbered balance (Figure 2).
- d. Upon completion of the voucher, supporting documentation must be sent to the OSC document control center (7th floor, 110 State Street, Albany, New York 12236). When approved, OSC will forward the voucher to the New York State Treasury for check release.

STATE UNIVERSITY OF NEW YORK				04/01/04			
VOUCHER/PAYMENT PREPARATION							
16: 03: 44							
VOUCHER ACCOUNT INFORMATION							
CURRENT							
CAMPUS 2805 STONY BROOK UNIVERSITY				VOUCHER NO:			
4038008							
ACCOUNT TITLE/	DEPT/	COST CENTER/	AC OBJ/ACCOUNT/	SUBO/			
AMOUNT							
DEP- STATE	PO, CON, REQ- IND-	LINE- F/P	LIB DATE	FR DATE	TC	SUBLEDGER	CAMPUS
USE							
BANKING SERVICES FUND 2877 777770 BS 03 56991 110812 05 5874							
6, 446. 48							
000 030204 00							
0000000000							
FUNCTION: S=SUSPEND, C=COMPLETE, X=IGNORE ACTION: F=FUNDING, T=IRS, F=>							

Figure 2

2. Payment by Journal Voucher (Compensating Balances Contract)

- a. The campus prepares a revenue/expense journal voucher through the on-line RX1370 transaction to record the revenue and expenditure data for the period covered.
- b. The revenue screen will require input of 334-12 for the fund and 33401 for the revenue class (Figure 3).

STATE UNIVERSITY OF NEW YORK REVENUE/EXPENSE ADJ REQ						PG 01	
AGENCY: STONY BROOK UNIVERSITY				CODE: 2805		DATE 04/01/04	
PERIOD COVERED: 030104 TO 033104				REPORT NUMBER: 87 00001			
RECORD STATUS INCOMPLETE							
REVENUE DESCRIPT/	DEPT/	COST CENTER/	AC OBJ/	FUND/	REV CLASS/	AMOUNT/	
DEP- STATE	REV CONT#	LIB DATE	FR DATE	TC	SUBLEDGER	OPTIONAL	
						334 12 33401 1000.00	
NEXT RX NO. : 87							
Y=NEW SCR/N=BALANCE/NN=PAGE NO. /F=FORW/B=BACK						E=EXPENDITURE CONT	

Figure 3

- c. The expenditure screen will require input of the University account number 110812-xx (xx = campus code) and the University sub-object of expenditure is 5874 (Figure 4).

STATE UNIVERSITY OF NEW YORK				AS OF 04/01/04			
ORIGINATING AGENCY: STONY BROOK UNIVERSITY				CAMPUS NO: 2805			
REVENUE EXPENSE JOURNAL				DOCUMENT REFERENCE NO: 8700001			
WARRANT NO:	VOUCHER NO:	BATCH NO:	PAY PERIOD NO:				
INCREASE / DECREASE		A C C O U N T		OBJECT		CURRENT/	
		N O. SUB				LAPSED	

PAGING F=FORW, R=REV

Figure 4

d. The RX1370 will be transmitted to OSC in a "suspended" status. Documentation certifying to the accuracy of the journal voucher must be submitted to OSC's investment and cash management (ICM) unit for review. When approved by ICM, ICM will forward a hard copy to the OSC contract unit for release of the electronic revenue/expense journal.

3. Payment by Journal Voucher (Compensating Balances Non-Contract)

- a. The campus prepares a revenue/expense journal voucher through the on-line RX1370 transaction to record the revenue and expenditure data for the period covered.
- b. The revenue screen will require input of 334-12 for the fund and 33401 for the revenue class (Figure 5).

STATE UNIVERSITY OF NEW YORK REVENUE/EXPENSE ADJ REQ										PG 01
AGENCY: STONY BROOK UNIVERSITY					CODE: 2805		DATE 04/01/04			
PERIOD COVERED: 030104 TO 033104					REPORT NUMBER: 87 00001					
RECORD STATUS INCOMPLETE										
REVENUE DESCRIPT/	DEPT/	COST CENTER/	AC OBJ/	FUND/	REV CLASS/	AMOUNT/				
DEP- STATE	REV CONT#	LIB DATE	FR DATE	TC	SUBLEDGER	OPTIONAL				
				334 12	33401	1000.00				
NEXT RX NO. : 87										
Y=NEW SCR/N=BALANCE/NN=PAGE NO. /F=FORW/B=BACK E=EXPENDITURE CONT										

Figure 5

c. The expenditure screen will require input of the University account number 110812-xx (xx = campus code) and the University sub-object of expenditure is 5874 (Figure 6).

STATE UNIVERSITY OF NEW YORK					AS OF 04/01/04	
ORIGINATING AGENCY: STONY BROOK UNIVERSITY					CAMPUS NO: 2805	
REVENUE EXPENSE JOURNAL					DOCUMENT REFERENCE NO: 8700001	
WARRANT NO:	VOUCHER NO:	BATCH NO:	PAY PERIOD NO:			
INCREASE / DECREASE		A C C O U N T	OBJECT	CURRENT/	LAPSED	
		N O. SUB				
		110812 05	5874			

Figure 6

d. The RX1370 will be transmitted to OSC in a “suspended” status. Documentation certifying to the accuracy of the journal voucher must be submitted to the OSC’s ICM unit for review. When approved by ICM, ICM will forward hard copy to the OSC contract unit for release of the electronic revenue/expense journal.

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#### Forms

[Form A](#) - Collateral Pledge/Substitution/Release

[Form B](#) - Monthly Statement of Balances in State Depositories

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#### Related Procedures

There are no related procedures relevant to this procedure.

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#### Other Related Information

[NYS Office of the State Comptroller - Pension Investment and Public Finance: Cash Management and Banking](#)

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#### Authority

The following links to FindLaw's [New York State Laws](#) are provided for users' convenience; it is not the official site for the State of New York laws.

[NYS Finance Law §98-a](#) (Investment of general funds).

[NYS Finance Law §105](#) (Deposits in banks).

[NYS Finance Law §106](#) (Deposit of monies by state officers).

[NYS Finance Law §107](#) (Monthly statement of balances).

In case of questions, readers are advised to refer to the New York State Legislature site for the menu of [New York State Consolidated](#).

[Volume XI, §4.0110, 4.0210, and 4.0220 of the Office of State Comptroller New York State Accounting System User Procedures Manual](#)

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#### History

Prior to November 17, 1999, the costs of banking services were paid for by compensating balance arrangements that the Office of the State Comptroller had with the various banking institutions utilized by University campuses. Beginning with the 1999-2000 state fiscal year, an appropriation, made to an Internal Service Fund of New York State, is used to pay the monthly banking service costs. Therefore, as in the past, these costs are not borne by the University.

#### **Designation of Bank Depositories**

Amended – August 11, 1980

- Sets forth the procedures to be observed in establishing, maintaining and closing bank accounts.

#### **Monthly Reports of Bank Balances**

Amended – August 11, 1980

- Revised to reflect the amended Article 7, §107 of the New York State Finance Law and adds the format to be observed in monthly reporting of bank balances.

Amended – February 28, 1977

- Due to the new procedure whereby the state Comptroller’s office is drawing funds from each campuses major fee account, provides for central office to report the balances in the major account. However, each campus is to report to central office the balances in the other accounts maintained in local depositories.

Amended – March 17, 1969

- Provides that all bank balances are to be reported monthly. It also provides that the amounts to be reported are the balances which appear on the books of account regardless whether they have cleared the bank and that campuses are to send the reports on or before the 5<sup>th</sup> calendar day of each month.

Amended – January 27, 1959

- Puts into procedure form the requirements for the Monthly Report of Bank Balances.

### **Collateral for State Monies**

Amended – August 11, 1980

- Provides the procedure to be used to ensure that depository banks have sufficient collateral on deposit with the state Comptroller.
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### Appendices

There are no appendices relevant to this procedure.