

## **CHAPTER 7: SECTION 1**

### **EXTERNAL BANK ACCOUNTS**

#### **1.1 External Bank Account Approval Process**

Per the requirements of CRS 24-36-103, 24-36-104 and 24-75-202, departments or institutions of higher education must obtain prior approval from the State Controller and the State Treasurer to open an external bank account. Approval for the account will be in the form of a letter from the Office of the State Controller, and this approval must be obtained prior to opening an account.

The agency should prepare and submit a written request for an external bank account to the Office of the State Controller (OSC) signed by the department controller. Send the written request to the agency's field accounting specialist. This request should contain the following information:

1. Type of account requested (e.g., depository, imprest, checking/savings)
2. Justification for the account, including:
  - a. Why this money cannot be directly deposited with the Treasurer;
  - b. Why State warrants cannot be issued;
  - c. Use of account (e.g. What moneys will be deposited into the account? What kind of disbursements will be made out of the account?);
  - d. Statutory or regulatory requirements;
  - e. Anticipated average daily balance in the account; and
  - f. Any other information available to clarify the review.
3. Bank preference, if known.

The OSC reviews the request and if approved, routes their approval via a memo to the State Treasurer for review and approval. If the State Treasurer approves the request, the original memo is filed at the OSC and a copy is sent to the requesting agency. Additional information regarding the bank name, account number, and other items need to be provided to the OSC once the external bank account is opened. A form is provided along with the approval memo to relay this information to the OSC. If either the OSC or the State Treasurer denies the request, the agency is notified by the OSC.

If the agency has questions regarding banking issues relative to opening an external bank account, they should contact the cash manager at the Department of Treasury (303-866-3253) prior to submitting the request for approval. Approvals for a group of accounts will be granted only for agencies that have numerous accounts for the same purpose (e.g., drivers license offices throughout the state). The Department of Treasury also performs periodic reviews of existing external bank account usage to determine if the account is still necessary.

#### **1.2 Deposit of Public Funds**

Public funds are required by statute to be deposited in eligible public depositories. CRS 11-10.5-111 states in part,

“Any official custodian may deposit public funds in any bank which has been designated by the banking board as an eligible public depository. It is unlawful for an official custodian to deposit public funds in any bank other than one that has been so designated.”

“Each official custodian shall inform an eligible public depository that the public funds on deposit are subject to the provisions of this article before entering into a depository agreement with the eligible public depository.”

Each department or institution of the State has been assigned a 12-digit PDPA (Public Deposit Protection Act) number. See the Division of Banking web site listed below for further explanation of the Act.

Department or institution PDPA numbers should not be used on any accounts where the funds are not public funds. Funds recorded on COFRS, Fund 900 (agency funds) are considered public funds.

The State Treasurer is generally considered the official custodian of State funds. Contact the Department of Treasury (303-866-5826) with questions regarding State funds, and for the PDPA number assigned to your department. Each State department's PDPA number may also be accessed on the Division of Banking's web site at:

<http://www.dora.state.co.us/banking/pdpainformation/pdpaapplications/pdpa01.pdf>

Each institution's PDPA number may also be accessed on the Division of Banking's web site by governing board at:

<http://www.dora.state.co.us/banking/pdpainformation/pdpaapplications/pdpa08.pdf>

*The department's or institution's PDPA number must be furnished to the banking institution at the time the account is opened.*

Any questions regarding banking institutions authorized to accept public funds should be directed to the Department of Regulatory Agencies, Division of Banking (DOB) at 303-894-7588, or 303-894-7575. The Division of Financial Services within the Department of Regulatory Agencies maintains the eligible list of savings and loan institutions. They can be reached at 303-894-2336; or the list of Certified Banking Institutions (those determined eligible to hold public funds) can be accessed by going to the DOB's web site at:

[http://www.dora.state.co.us/pls/real/bids\\_search.search\\_page](http://www.dora.state.co.us/pls/real/bids_search.search_page)

Select "PDPA Eligible Depositories" from the dropdown menu next to "Institution Type" and click "Go To Search Form" for all eligible depositories. You may also narrow your search by "City" using the dropdown menu.

Each banking institution eligible for the deposit of public funds is issued a certificate by the Division of Banking. The department should request a copy of the banking institution's certification as an eligible public depository and maintain it for its records.

### **1.3 Turnaround Report**

External bank account information is verified on an annual basis. A turnaround report will be sent by the OSC to each department or institution prior to fiscal year close. Agencies may also find the report useful to prepare bank confirmations. Instructions and due dates will be distributed with the report. The turnaround report is not to be used to request approval for an external bank account. Requests for approval should follow the procedure explained above.

The DOB compares the external bank account information maintained by the OSC to account information submitted by the banking institutions. Information obtained by the DOB regarding missing accounts or other account information will be sent to departments and institutions along with the turnaround report. This information should be reviewed and account information added or adjusted as appropriate.