

Section IV

DEPOSITING TO AN AGENCY ACCOUNT

ORS 293.265 requires all State of Oregon agencies to deposit monies with the State Treasurer not later than one business day after receipt, with certain exceptions. See Section II - Policies, policy 02.18.01 next Day Deposit.

If your agency receives many checks by mail, a bank lockbox service may be an option you should explore. See Section IX for more information on lockboxes.

Deposit Slips

Treasury requires that all agencies use pre-encoded deposit slips for making deposits to their accounts. These deposit slips must be obtained for any bank to which the agency is depositing. Treasury and DAS have contracted with Check Printing Company of Portland to print all State agencies' deposit slips. Agencies should order directly from this company, and Treasury's Deposit Slip Order Form (Form C-3a) is required. See Form C-3b for directions on ordering deposit slips. Orders may be placed at any time, and the minimum order is 50. Allow 21 days for receipt of your order.

Major banks provide the Banking Section with daily transmissions of all deposits made, and these deposits are electronically applied to the agencies' accounts the day after the deposit is made. Even though the smaller banks do not provide the information electronically, it is still more efficient to have all deposit slips identical in format, size, etc. It also insures timely credit to agency accounts and correct posting of debits and credits related to deposit adjustments or returned items.

Filling Out The Deposit Slip

Deposit slips should always be completed before going to the bank. The following information should be included on the deposit slip:

1. Field office name (may be preprinted).
2. Date.
3. Account number (should be preprinted).
4. Coin and currency listed separately in area provided.
5. Checks listed by amount and Bank Fractional number (if listing checks on tape, attach tape to deposit slip and stamp tape with endorsement stamp). Note that all checks should have proper endorsement.
6. Total of deposit on deposit slip.

Things to do:

1. Place all cash in front of checks. The cash should be faced and in order by denomination.
2. Separate out any non-imageable items (checks drawn on foreign banks, checks in carrier documents, damaged checks, photocopies in lieu, and notices in lieu of return). These items must be prepared in a deposit separate from domestic checks, money orders, and cashiers checks.
3. **Send the State Treasurer's copy of all deposit slips for banks other than Bank of America, Key Bank, US Bank, and Wells Fargo Bank to the Banking Section.**
4. **Reconcile your Treasury accounts in a timely manner.**

Note: Remember that the validation of the deposit slip or a receipt does nothing more than confirm that the deposit was made and when. It does not confirm the accuracy of the information presented on the deposit slip. That confirmation is done by the bank's proof department later that day and by the agency upon notification by Treasury of credit for the deposit. Agency verification is the only way to detect that the amount credited from Treasury is the same as the amount that was validated on the receipt.

Things not to do:

1. **Do not** list coin or currency in check area of deposit slip.
2. **Do not** include Traveler's Checks with cash; list as checks.
3. **Do not** send copies of voided deposit slips to Treasury.
4. **Do not** cash personal employee checks out of agency cash receipts.
5. **Do not** accept third party checks.

ENDORSEMENTS

All checks must be properly and clearly endorsed, preferably with a rubber endorsement stamp or with a check validation machine or slip printer. Checks should be restrictively endorsed as soon as possible after receipt, since they are negotiable instruments. See the DAS Oregon Administrative Manual (OAM) Chapter 3 for internal controls over receipts. The approved format for endorsement stamps is:

FOR DEPOSIT ONLY
Treasurer, State of Oregon
(Agency Name) - (Agency Account No.)
(Bank Name)
(Bank Account No.)

Following is an example of a correctly formatted endorsement stamp for a deposit made at US Bank. Note the bank account number is masked for security purposes. Please contact Treasury Banking Section to verify the correct account number for your deposit bank prior to ordering the endorsement stamp.

FOR DEPOSIT ONLY
Treasurer, State of Oregon
Parks and Rec. Dept - 63400-00401
US Bank
XXXXXXXXXX

Deviations from this format must be approved in writing by the Banking Section.

The area of a check available for the agency endorsement is restricted to the first 1.5" as measured from the trailing (or stub) end of the check. The agency may choose the size and type of font they desire, as long as it fits into this space. The remainder of the back of the check is reserved for bank endorsements. This is a requirement of Regulation CC from the Federal Reserve. It is important that agencies stay within this area for their endorsements; otherwise, significant delays can occur in notification of returned checks for which the banks will not be responsible. This may delay and impair efforts to collect on bad checks.

Agencies that need to charge back field offices for returned items will need to include an office number or identifier in the endorsement; however, the endorsement is still restricted to this same area.

Endorsement stamps are available through most office supply stores. The stamps should **not** be ordered directly through the bank.

Checks Drawn On Foreign Banks

Checks drawn on foreign banks are being accepted by agencies with increasing frequency. Please see the section above "Filling Out The Deposit Slip" for additional information about depositing foreign items. Some of the problems and risks associated with such items are:

1. Delay in receiving payment

Many foreign checks must be sent on collection. This means that credit is not received until the drawee bank (the foreign bank the check was written on) remits funds to Treasury's collecting bank. This may take 6 to 8 weeks in some cases. In the meantime, agencies will not receive credit on these funds. If a foreign check has a standard-appearing MICR line at the bottom, then it probably can be deposited directly and credit will be received at the spot foreign exchange rate offered by the bank.

2. Costs of collection

Collection of a foreign check will usually cost approximately \$150.00. For this reason, Treasury will not send on collection foreign items of amounts less than \$150.00.

3. **Nonpayment risk**

Checks may not be honored due to nonsufficient funds or other reasons and notification of this can be delayed for days or weeks. Furthermore, under the best of notification scenarios, trying to collect on a bad check from a foreign party is a difficult and usually fruitless effort.

4. **Currency translation**

Foreign checks denominated in foreign currencies must be translated into U.S. dollars using current spot foreign exchange rates. These rates can fluctuate on a daily basis, requiring the agency to check on their deposit bank's current spot rate to be sure of receiving the equivalent in U.S. dollars. If the item is sent on collection, the exchange will be determined by the drawee (foreign) bank when it receives the item.

We recommend that agencies reassess their policies regarding the acceptance of foreign currency denominated checks and consider discontinuing this practice unless absolutely necessary. If it is necessary to accept funds from a foreign entity, we recommend requesting the maker of the check to draw a check on a United States bank denominated in US dollars. The item may then be deposited for immediate credit using a regular deposit ticket.

Making The Deposit

Deposits to the Treasurer's accounts are usually over the counter (at a teller window), through a night drop, by armored car, or electronically. Regardless of the method, there are a few basic rules that always need to be followed.

1. All night depository deposits should be made with locking or sealed bags.

2. Unprocessed bags should not be returned to the agency.
3. **All corrections made after the deposit is taken to the bank must be made on deposit correction advices, not by alterations to the deposit slip.** Under no circumstances should money be added to, or subtracted from, a deposit after it has been handed to a teller or dropped into a night depository. Subsequent deposits can be made if an error was made, such as cash inadvertently left out of a deposit or some similar error; but the original deposit must not be altered except by a debit or credit advice from the bank.
4. Never take "less cash" on a deposit.
5. Deposits containing cash should be counted in front of the agency representative making the deposit or delivered into a dual control arrangement at the bank. All night depository and armored car deposits should likewise be processed under dual control. (If you are interested in obtaining armored car service, contact the purchasing area of Department of Administrative Services.) If there is no dual control arrangement at the bank or branch where an agency makes its deposits, the Banking Section should be notified. We will work with the agency and the bank to set up adequate cash controls for these deposits.
6. Notification of an error in the form of a deposit correction will be sent by the bank to the Banking Section, with a copy forwarded to the agency's central office. The appropriate adjustments to the account will be made upon receipt of the advice from the bank. If an agency makes an error on a deposit slip and the bank does not find it at the time of deposit, the bank will generally not correct the error if it is less than \$5.00. Therefore, if the bank does not correct an error under \$5.00, Treasury will not make the deposit correction either. Agencies will be responsible for making the required adjustments on their own accounting records. The Banking Section will work with any agency in need of more timely notification of deposit corrections to the central office to try to set up a workable program with the applicable banks.
7. **Under no circumstances is the agency to attempt to direct the bank to provide service in a manner inconsistent with those procedures outlined above. Any deviations from these procedures must be**

**approved in writing by the Banking Section of Treasury.
Remember: The owner of the account the agency is depositing to at
the bank is the State Treasurer.**

Returned Items

Occasionally, an agency deposits a check that is returned unpaid from the bank on which the check was written. The original debit advices are sent to the Banking Section, so Treasury accounts can be corrected. The quicker the items can be handled, the better the chances are of recovering the original payment. It is expected that agencies will act on returned items at once to maximize their chances of collection.

Returned items received which do not belong to the agency should be delivered, along with a copy of the bank advice, to the Banking Section at Treasury. Do not return the items directly to the bank.

If you have any questions, please contact:

**Banking Section
(503) 378-4633**