



FISCAL POLICY MANUAL

POLICY C-5: Bank Account Overdraft Policy
APPROVED: Auditor-Controller-Treasurer-Tax Collector (ACTTC)
AUTHORITY: Auditor-Controller-Treasurer-Tax Collector
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I. PURPOSE

Establish repayment criteria of overdraft fees by County Districts and Departments that have requested outside bank accounts that are not monitored or managed by the Treasury.

II. POLICY

Effective January 1, 2017, County Districts and Departments for whom the Auditor-Controller-Treasurer-Tax Collector acts as Treasurer that have requested to open bank accounts under the County Umbrella for the ability to use merchant services (credit cards) and/or collect online payments will now be required to reimburse the County Treasury for fees incurred due to their account being overdrawn.*

Bank of America imposes a \$50 per day fee for all bank accounts that are in an overdraft status. The County Treasury pays for these fees as part of the monthly banking analysis charges and will now require reimbursement for those accounts that are not managed or monitored by the Treasury.

*Any bank account that is overdrawn by more than 4 days in a fiscal year will be required to reimburse the Treasury for all amounts beginning with day 5.

III. RESPONSIBILITIES

A. District or Department:

Districts and Departments are responsible for managing and monitoring the bank accounts that were opened for their convenience of utilizing credit cards and online payment systems. Because the Treasury does not monitor nor receive bank notification when one of the outside bank accounts has a negative balance, one way to avoid overdrawing a bank account and incurring the overdraft fees is to leave a minimum balance in the account. This balance should be sufficient to cover any unanticipated credit card reversals of revenue or dips in monthly transactions based on seasonality that would put the account in overdraft status if monthly merchant services fees are deducted directly from the bank account.

Districts and Departments may also want to contact their merchant services vendor to request notification of electronic reversals so you can track the activity more closely.

B. Treasury Division:

The Treasury Division is responsible for sweeping the available balance from the outside bank account to the County's main bank account at a set date as agreed to between the Treasury and the District or Department.

If there is a negative balance at the time of the scheduled sweep, the Treasury Division will perform a reverse sweep to bring the account back to zero and will notify the District or Department that a negative deposit authorization needs to be processed.

The Treasury Division will keep track of the days the bank account was overdrawn each month after receiving the month-end analysis statement. At the point in which a District or Department incurs more than 4 days of overdraft fees, the Treasury Division will contact the District or Department to seek reimbursement for the fees incurred after the 4th day.