



# Judicial Council of California

## Administrative Office of the Courts

Trial Court Financial Policies and Procedures

Policy No.  
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### **BANKING SERVICES**

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## Banking Services

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### **2.0 Purpose**

(Original 8/02)

The purpose of this policy is to establish the conditions and operational controls under which the trial court may open Bank Accounts and maintain funds outside of the county treasury.

### **3.0 Policy Statement**

(Revised 9/10)

With the prior approval of the Judicial Council, the trial court may establish Bank Accounts outside of the county treasury to deposit (i) money for trial court operations, and (ii) any other money under the control of the courts.

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The Bank Accounts must be established and operated as prescribed in this policy. The trial court shall implement the procedures and controls described below to manage and safeguard court funds.

#### **4.0 Application** (Original 8/02)

This policy applies to all trial court officials and employees who are responsible for the receipt, deposit, control, and disbursement of funds used to conduct trial court operations.

#### **5.0 Definitions** (Revised 9/10)

Refer to the Glossary for the following key terms used in this policy.

**Bank Account(s)**  
**Bank Reconciliation(s)**  
**Cash-in-Transit**  
**Demand Depository Accounts**  
**Payee**  
**Revolving Fund**  
**Statewide Trial Court Concentration Account**

#### **6.0 Text**

##### **6.1 Authority for Trial Courts to Establish Bank Accounts** (Revised 9/10)

1. Government Code Section (GC) 77009(a) provides that the Judicial Council may establish Bank Accounts for the trial courts and require the courts to deposit money for trial court operations, and any other money under the control of the courts, into those accounts. This may include money held in trust and money appropriated in the Budget

Act and allocated or reallocated to the trial court by the Judicial Council. It does not include payments from a party or a defendant received by the trial court for any criminal fees, fines, or forfeitures.

2. Under the Uniform Civil Fees and Standard Fee Schedule Act of 2005 (AB 145, or the "UCF"), filing fees, most other civil fees, civil assessments, and court-ordered sanctions must be deposited as soon as practicable after collection and on a regular basis into a Bank Account established for this purpose by the AOC (GC 68085.1(b).) These deposits must be reported monthly to the AOC on form TC-145.
3. The court and county may enter into an MOU for the court to provide depository services in an account established by the Judicial Council for criminal fees, fines, and forfeitures, with the approval of the Administrative Director of the Courts. The MOU must identify the scope of service, method of service delivery, term of agreement, anticipated service outcomes (including interest earned on monies held on deposit and how it is shared), and the cost of the service. The amount of any indirect or overhead costs must be individually stated with the method of calculation of the indirect or overhead costs. (GC 77009(b).) See 7.0, Associated Documents-Memorandum of Understanding Court/County Services, Appendix A, Collection Bank Account for Criminal Fines, Penalties, and Forfeitures.
4. Section 1463.1 of the Penal Code states that "any trial court may elect, with the prior approval of the Administrative Director of the Courts, to deposit in a bank account pursuant to Section 53679 of the Government Code, all moneys deposited as bail with the court, or with the clerk thereof." The Judicial Council is authorized to regulate the bank accounts provided it does so in a manner that is consistent with any procedures established by the State Controller for proper and uniform accounting of all moneys that are received and disbursed through the accounts.

## **6.2 Opening Bank Accounts**

(Revised 9/10)

1. The Judicial Council, or its designee, must give its approval before the trial court may open any bank account. Trial court requests to open bank accounts must be made in writing and be signed by both the Presiding Judge and Court Executive Officer (submitted using Appendix B Request to Open Bank Account, as found in 7.0, Associated Documents). Requests to open bank accounts must be sent to Trust and Treasury Services, Manager and include the following information:
  - a. The justification and purpose for opening the account.
  - b. The name and location of the proposed financial institution.
  - c. The type of account to be opened, the amount to be deposited and the interest rate to be received.
  - d. The official designation of the account (e.g., Superior Court of California, County of \_\_\_\_\_, Operations Account).
  - e. Whether the funds to be deposited in the account will be insured by the Federal Deposit Insurance Corporation (FDIC) or Federal Savings and Loan Insurance Corporation (FSLIC).
  - f. An explicit statement that opening the bank account will not create a conflict of interest for any judge, court officer or any other court employee.
  - g. A statement on the bank's letterhead indicating its capitalization status. Only banks that are "well capitalized" as defined by federal statute and that have received an "unqualified" opinion on their most current financial statement from an independent auditor will be acceptable to the Judicial Council. In addition to the foregoing, the bank must be within one of the three highest credit rating categories of S&P, Moody's or Fitch Bank Watch unless otherwise approved by the Trust and Treasury Services, Manager.



Notification of Opening a Bank Account, as found in 7.0, Associated Documents. The Notification of Opening a Bank Account must include:

- a. Bank name
  - b. Bank address
  - c. Bank account name
  - d. Bank account number
  - e. Date available for use
  - f. The first month a bank statement will be available
  - g. Bank contact name
  - h. Bank contact address
  - i. Bank contact phone number
  - j. Bank contact fax number and
  - k. Bank contact e-mail address
4. A detailed record must be kept for all money received by a trial court for bail, litigation deposits, jury fee deposits, payments on judgments, etc. that it holds in trust and for which it has a fiduciary responsibility. The record must be maintained by case number at a sufficient level of detail to properly account for all funds held by the court. Records must contain at minimum the following information:
- a. Date received.
  - b. From whom payment was received.
  - c. Purpose.
  - d. Case number.
  - e. Payments received.
  - f. Disbursements made.
  - g. Method of payment.

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Policy No. FIN 3.01 Fund Accounting, Section 6.4, Special Revenue Funds provides more information on the accounting of trust and agency funds.

5. Prior to opening any Bank Account for the deposit of criminal fines, fees and forfeitures an MOU as described in Section 6.1, Authority for Trial Courts to Establish Bank Accounts, Paragraph 3 must be executed and forwarded to the Trust and Treasury Services Manager. An example of a form of such MOU is contained in Appendix A, Memorandum of Understanding Court/County Services, 7.0, Associated Documents.

### **6.3 Deposits**

(Revised 9/10)

1. Courts are required to deposit receipts in a timely and economical manner. Courts will adhere to the following guidelines in determining when to deposit receipts into an appropriate court approved bank account.
  - a. All court locations that have safes, vaults, or other comparable storage that is adequate to safeguard cash may accumulate collections until they amount to \$1,000 in coin/paper currency or \$10,000 in any combination of coin/paper currency, checks, money orders, and warrants (excluding state warrants and state checks), whichever occurs first.
  - b. All court locations that do not have a safe, vault, or other comparable storage may accumulate collections until they amount to \$250 in coin/paper currency or \$10,000 in any combination of coin/paper currency, checks, money orders, or warrants (excluding state warrants and state checks), whichever occurs first. When such funds are not in use, they will be locked in a desk, file cabinet, or other mechanism adequate to safeguard cash.

- c. Accumulated coin/paper currency, checks, money orders, and warrants of any amount will not remain un-deposited for more than ten working days. A court may deposit more often than once a day at its discretion and when it is economical or practical to do so because of the size of its receipts. For courts that cannot meet this requirement, notice requesting an alternative timetable should be given to the AOC Director of Finance for approval according to Policy No. FIN 1.01 Trial Court Organization.
2. Courts will maintain adequate security of state monies in transit to banks and assure that the delivery is made in the most economical way consistent with good practice, safety, court needs and the requirements of this policy. Following are the different methods to be used for depositing state monies into trial court Bank Accounts.
    - a. Trial Court Employee: A trial court messenger or other assigned employee may deliver bank deposits to the bank provided such direct delivery of deposits does not subject trial court employees to the hazard of robbery or compromise their safety, and if:
      - i. The bank does not furnish bank deposit messenger service, or
      - ii. An armored car service is not available or not economically justified.

Trial court employees may use the following bank services to make bank deposits directly:

- iii. Bank Teller: During regular banking hours a court employee may deliver the deposit to the merchants' window within the lobby of their selected bank. Delivery of deposits to the bank by a court employee is normally a routine task for courts which collect revenue regularly. Employees may perform this service either routinely or occasionally in conjunction with other court duties while in the vicinity of the bank.

- iv. Night Deposit Drop Safe: Night deposit drop safe service will be used by courts not equipped with proper safes or vaults for safeguarding cash overnight and by courts in outlying areas where a night deposit can be made en-route by a court employee returning home at the end of the workday.
- b. Armored Car: Since subjecting court employees to the risk of robbery is of concern, armored car service should be considered as an option to ensure employee safety. Special arrangements may be made with armored car companies for armored car service during a particular collection period, or when special service is required.
- c. Bank Messenger: When bank messenger service is available in an area, courts may arrange for their non-coin/paper currency deposits to be picked up and delivered to a selected branch of an approved depository bank. Deposits will be placed in sealed bags and will be receipted by the bank messenger at the time the deposit is picked up. This receipt will be kept by the court along with any other documentation verifying the deposit.

Bank messengers are restricted from picking up deposits that include coin or paper currency.

- 4. Deposits consisting of coin and paper currency in excess of \$100 will be prepared as follows:
  - a. If the amount of coin in the deposit exceeds \$50, a separate deposit slip for the coin portion only must be prepared and submitted (other paper currency will be submitted with a separate deposit slip).
  - b. The coin and paper currency portion of any bank deposit must be counted by one person and verified by a second person (and

- initialed) prior to tendering the deposit to an armored car service, a court employee for deposit to a bank night deposit drop safe, or a bank teller within the lobby of the bank.
- c. Paper currency and coin (unrolled) will be placed in the deposit bag and sealed in the presence of two court employees who will sign a court copy of the deposit slip indicating they have verified the coin and paper currency amount contained in the deposit bag.
  - d. The court must obtain a signed receipt from the armored car service employee, or court employee delivering the deposit, prior to tendering the sealed bank deposit bag. If the combination of coin and paper currency to be deposited exceeds \$3,000 and armored car service is either not available or excessively expensive, two court employees should be assigned to deliver the deposit jointly. Coin and paper currency deposits may be divided into smaller amounts and delivered to the bank in separate deposits to reduce the amount of cash transported in any single delivery.
  - e. Occasionally, exceptionally large deposits may be handled by requesting an escort from the local police department or sheriff's office. A single court employee will not transport more than \$3,000 in coin and paper currency at one time. Cashiers / bookkeepers shall retain small denominations in a change fund. Courts will also not use coin or paper currency receipts to cash checks for employees.
5. For security, internal control and safety reasons, trial courts must establish written procedures consistent with the requirements of this policy for the deposit of coin and paper currency. The written procedures must be maintained in a permanent file.
  6. The bank must accept liability in writing for the failure of the bank messenger to deliver the bank provided sealed deposit bag to the

bank. The Trust and Treasury Services, Manager must approve all bank messenger contracts.

7. If the court elects to use an armored service provider, the court will comply with the requirements of Policy Nos. FIN 6.01 Procurement and FIN 7.01 Contracts before using this method of deposit. Any such armored car service agreement will contain provisions in which the armored car vendor accepts all liability in writing for the failure of the armored car to deliver the bank provided sealed deposit bag to the bank.
8. An employee other than the person who prepares the bank deposit (preferably a supervisor or higher level of management) must sign and date a voucher verifying the cash receipts have been deposited in total.
9. All employees involved in the collection of trial court monies, either by check, coin and paper currency, credit/debit card or other forms of payment, should be covered by a commercial crime and employee dishonesty insurance policy.

### **6.3.1 Endorsement Requirements**

1. The trial court must restrictively endorse all checks, warrants, money orders, and other negotiable instruments upon receipt. Endorsements must contain the following information:
  - a. The name of the bank and branch number in which the deposit will be made.
  - b. A statement reading "For deposit only" followed by the name of the trial court.
  - c. The account name and number.
  - d. For additional procedures see Policy No. FIN 10.02 Cash Handling.

## **6.4 Withdrawals**

(Revised 9/10)

1. Trial court disbursements must be made by check or electronic funds transfer. The exception is petty cash disbursements, which must be supported by proper vouchers. Note that the trial court cannot independently make withdrawals from a Bank Account established for the deposit of civil fees under the Uniform Civil Fee (see Sub-section 6.1.2 of this policy).
2. The Court Executive Officer shall designate in writing those individuals who are authorized to sign checks for the trial court. The Court Fiscal Officer must keep a current list on file of the employees who are authorized to sign checks including:
  - a. The name of each employee authorized to sign checks.
  - b. The types of payments the employee is authorized to sign checks for (e.g., payroll, procurement, etc.).
  - c. The dollar limits of each employee's authorization.
  - d. An example of the employee's signature.
3. Checks must not be made out to "cash" and the signing of blank checks is prohibited.
4. Any check that exceeds \$15,000 must have two authorized signatures unless it is made payable to the State Treasurer or another state agency. The trial court may establish more restrictive signature requirements at its discretion.
5. All checks issued by the trial court must be recorded in a check register that includes the following information:
  - a. The check number.
  - b. The date the check is issued.

- c. The name of the party to whom the check is issued.
  - d. The amount of the check.
6. The trial court must keep its working check stock under locked control. The trial court's long-term check stock must be kept under locked control separate from the working check stock. Receipt of long-term check stock must be receipted, verified and recorded under dual control on the check stock register. Transfers of long-term check stock to working check stock must be documented by the signatures of two authorized trial court employees in the check stock register. The following information must be recorded:
- a. The date and time of the transfer.
  - b. The numbers of the checks being transferred (i.e., from check no. \_\_\_ to check no. \_\_\_).
  - c. The name of the person removing the checks from long-term check stock.
  - d. The name of the person taking possession of the transferred checks.
  - e. The signatures of the employees making the transfer.
7. Voided checks must be clearly marked "void" across their faces and retained for audit purposes. All voided checks must also have their signature blocks cut off or blocked out, unless they are voided for specimen purposes. The disposition of specimen checks must be documented in trial court files by an employee who is not authorized to sign checks.
8. If blank check stock is determined to be missing, the trial court must notify the bank of the missing check numbers, the account number, and the date the checks were discovered to be missing. If the trial court believes the checks to be stolen, local law enforcement officials and the AOC Manager of Internal Audit should be notified.

## **6.5 Acceptance of Credit Card and Debit Card Payments**

(Revised 9/10)

1. GC 6159 authorizes the acceptance of credit card payments by the trial courts and provides some of the regulations under which payment by credit card is allowed. The remaining regulation is given to the Judicial Council. This policy and procedure also permits the trial courts, under the same conditions and requirements, to accept debit card payments.
2. Before a trial court can accept credit card or debit card payments, it must first receive Judicial Council approval. The Judicial Council through California Rule of Court 10.820(e) ratified approvals existing as of December 31, 1999 made by county Boards of Supervisors to allow trial courts to accept payment by credit card. Once approval for accepting credit and/or debit card payments is obtained, the trial court may elect to:
  - a. Utilize the county's contract with a credit/debit card processor vendor providing authorization and settlement services for credit/debit card transactions, if the trial court received approval to accept credit and/or debit card payments from the county's Board of Supervisors prior to December 31, 1999;
  - b. Enter into its own contract with one or more credit card or debit card processors; or
  - c. Participate in any master agreement between the Judicial Council and credit card or debit card processors.

The trial court's decision to establish an arrangement with a credit/debit card processor services provider will be based on a cost analysis to determine which of the above three alternatives is most advantageous to the trial court. Any cost analysis performed by the trial court must be documented and retained for audit.

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3. The Administrative Director of the Courts may authorize a review of a trial court's authorization to accept credit card payments at any time.

### **6.5.1 Obtaining Authorization to Accept Credit Card or Debit Card Payments**

1. Pursuant to California Rules of Court 10.820, the Administrative Director of the Courts is authorized to approve a trial court's request to accept credit cards if all of the following are true:
  - a. The trial court does one of the following:
    - i. Imposes a fee for use of the credit card<sup>1</sup>;
    - ii. Demonstrates that the cost of acceptance of credit cards is not greater than the cost of acceptance of other means of payment; or
    - iii. Demonstrates that it can absorb the cost of accepting credit card payments without imposing a fee;
  - b. The proposed credit card acceptance contract is competitive with other possible contracts the court could obtain; and
  - c. Alternative means of payment (i.e., cash, check, money order, etc.) are made available to customers of the court who choose not to utilize credit cards.
2. Before the trial court may begin accepting credit cards, a memorandum must be submitted to Trust and Trial Court Treasury Services at the Administrative Office of the Courts at the following address:

Trust and Trial Court Treasury Services  
Administrative Office of the Courts  
455 Golden Gate Ave  
San Francisco, CA 94102-3688

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<sup>1</sup> A fee may be imposed for acceptance of a credit card only for "card-not-present" transactions as described in section 6.5.2(1.) of this policy.

- a. The Credit Card Request Memorandum and an “Example” (Supplied only as guidance in preparing the court’s request.) of a completed Credit Card Request Memorandum is provided in Appendix F of 7.0, Associated Documents.
  - b. Unless clarification or other documentation is necessary, the request for acceptance of credit cards will be presented to the Administrative Director of the Courts with a staff recommendation. The trial court will receive notification regarding its request within fifteen (15) days, unless otherwise communicated.
3. The trial court may begin to accept credit cards as a form of payment for criminal fees, fines, penalties and forfeitures after it receives authorization from the Administrative Director of the Courts. Under no circumstances should these credit card payments be commingled with court funds. The trial court must coordinate with the county to establish a separate Bank Account by agreement with its county for the deposit of criminal collections including the deposit of credit/debit card proceeds prior to accepting such credit/debit card payments. The Judicial Council, or its designee, is authorized to withdraw its approval of credit/debit card acceptance approval if a court fails to comply with the requirements of this section.

### **6.5.2 Obtaining Authorization to Impose a Fee for the Use of a Credit Card Or Debit Card**

1. The court may impose a fee only for non in-person<sup>2</sup> acceptance of a credit or debit card in an amount not to exceed the reasonable cost of providing the service or product. This fee charged the

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<sup>2</sup> Examples include credit and debit card payments received via the telephone, fax or Internet web site.

cardholder, often referred to as a “convenience fee”<sup>3 4</sup>, may be imposed only if both of the following are true :

- a. The proposed fee is not greater than the cost for acceptance of the credit/debit card; and
  - b. The proposed fee would not result in an undue hardship on people wishing to use credit/debit cards for payment of fees.<sup>5</sup>
2. Before the trial court may begin imposing a fee for the use of credit/debit cards, a memorandum must be submitted to Administrative Office of the Courts, Office of Budget Management with a description of the fee, how the amount of the fee was determined, and how the fee is applied.
  3. The trial court may begin to impose a fee for the use of a credit/debit card after it receives authorization from the Administrative Director of the Courts.
  4. The trial court must notify the public of any fee that it charges by providing information concerning the fee in a conspicuous place such as the trial court’s fee schedule.

Refer to Policy No. FIN 10.02 Cash Handling, Sub-section 6.3.5 for the conditions and circumstances under which acceptance of payment by credit card is permitted.

## **6.6 Bank Account Reconciliation** (Revised 9/10)

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<sup>3</sup> Government Code (GC) 6159(g).

<sup>4</sup> The VISA/MasterCard association rules governing all entities ("merchants") accepting credit or debit cards, permit the courts to charge a "convenience fee" for non in-person transactions, but prohibit the courts, or any other merchant, from imposing a "convenience fee" on any card-present transactions, unless the same fee is imposed on all like transactions regardless of the form of payment. A credit card or debit card presented by the cardholder in person, at a cashiering counter for example, is a "card-present" transaction.

<sup>5</sup> Per California Rules of Court, Rule 10.820(c).

1. The trial court must reconcile all Bank Accounts for which court employees are authorized signers, for example local revolving and jury Bank Accounts. These bank accounts must be reconciled at least monthly, and more frequently if required to maintain adequate control over trial court funds.
2. The person who prepares the court's monthly bank reconciliation cannot also approve it. The monthly bank reconciliation must be signed and dated by both the person who prepared it and the person who reviewed it.
3. Each trial court is required to report all Bank Accounts held in its name annually, as of June 30<sup>th</sup>, by completing Appendix D the Annual Report of Trial Court Bank Accounts (as found in 7.0, Associated Documents) no later than August 30<sup>th</sup> of each year. These annual reports will be used in part to satisfy the annual State Treasurer's Office requirement to report Bank Accounts held outside of the county treasury system and not managed in the centralized State Treasury. The annual bank balance and financial accounting cash balance information required in Appendix D must be completed by each trial court for all Bank Accounts.
4. Adherence to the requirements of this Section 6.6 will be necessary to continue authorization for trial court Bank Accounts.
5. For the purpose of this Section 6.6, Paragraph 5:
  - a. A canceled check is a check that has been recorded and is later reversed from the accounting records as void and was confirmed as not being paid by the bank.
  - b. Un-cashed checks are those that have been issued by the trial court but remain un-cashed by the payee.

- c. Unclaimed checks are those that have been returned to the trial court or their accounting office and for which the payee cannot be reasonably located.
  
- d. Trial court checks are checks issued from any of the court's Bank Accounts (i.e. operating, revolving, payroll, jury or trust Bank Accounts). Trial court checks generally have a printed statement on the face of the check indicating the check is void after expiration of a specified time period from the check's issue date.

Through the monthly bank reconciliation process, outstanding un-cashed checks should be aged to determine those that are beyond the time period printed on the face of the check specifying the date after which the check is void. Un-cashed checks drawn on any trial court Bank Account beyond one year of the issue date will be cancelled in the trial court's accounting system and moved from the Cash-Operations Clearing general ledger account to Liability for Deposits Stale-Dated Check-Operations general ledger liability account in the fund in which the check was written. Trial courts will maintain a Canceled Check Schedule which identifies the payee's name, dollar amount, and date of issuance. This schedule will be kept on file and detail each check until the check is either cashed or the liability created from the check has been otherwise appropriately reduced.

The payee may make claim for an un-cashed check up to the date the check is escheated to the court under GC 68084.1, which cannot be any earlier than three years from the date of issuance, plus 45 days after the required public notice. Please refer to Policy No. FIN 15.03, Escheat for further information on trial court escheatment. If a canceled check is claimed by the payee prior to escheating the check to the court and a check is reissued to settle the claim, the trial court will record the payment as a reduction in the Liability For Deposits-Stale Dated Check-Operations general ledger liability account and the cash account. The total dollar amount of the canceled check schedule must agree at all

times with the balance of the Liability For Deposits-Stale Dated Check-Operations general ledger liability account.

Unclaimed checks issued from a Court's Bank Account, not revolving account, should be immediately canceled upon receipt and added to the canceled check schedule organized by court Bank Account and kept by the Trial Court or its designee.

Refer to Policy No. FIN 15.03 Escheat for procedures regarding the escheatment of Un-cashed or Unclaimed checks.

## **6.7 Revolving Fund and Jury Disbursement Balances** (Revised 9/10)

1. Revolving Fund bank accounts will be used only for non-routine urgent disbursements. The imprest balances of these accounts will be maintained at a level reasonably expected to meet these non-routine urgent disbursement needs, for example at 1% of the trial court's operating expense budget. A trial court may request the AOC's Phoenix Shared Services Center to replenish its Revolving Fund by submission of complete and appropriate documentation. At least monthly any amounts paid from the Revolving Fund must be recorded on the financial records of the trial court Trust Fund as an operating expense. For courts that cannot meet this requirement, notice requesting an alternative timetable should be given to the AOC Director of Finance for approval according to Policy No. FIN 1.01 Trial Court Organization. The trial court will follow any additional instructions regarding the Revolving Fund replenishment that the AOC's Phoenix Shared Services Center may issue. The trial court will complete a monthly review of the bank balance in order to determine if there are any checks outstanding in excess of one year. By submitting the justification for approval to the Trust and Treasury Services, Manager, a trial court may also request additional funding to temporarily augment the Revolving Fund to meet a specific temporary cash disbursement need.

2. Courts may establish a separate bank account to process disbursements to pay local jury expenses. In conjunction with the trial court, the Trust and Treasury Services, Manager, will approve the amount maintained in such accounts. A court may request the AOC's Phoenix Shared Services Center to replenish its jury disbursement Bank Account by submission of complete and appropriate documentation. At least monthly any amounts paid from the Bank Account must be recorded on the financial records of the trial court as an operating expense. The trial court will complete a monthly review of the bank balance in order to determine if there are any checks outstanding in excess of one year.

### **6.8 Overdrafts**

(Revised 9/10)

1. Trial Court officials must manage their financial affairs and must not authorize expenditures in excess of available resources.
2. The trial court must take all appropriate measures to assure that sufficient funds are available in its Bank Accounts to cover its disbursements in accordance with Government Code 77206 (a). Overdrafts of trial court bank accounts are not permitted.

### **6.9 Maximizing Interest Earned**

(Revised 9/10)

It is important to maximize the interest earned on funds deposited in Bank Accounts. Every dollar earned reduces the need to raise money. In general, interest earnings can be maximized through the earliest possible deposit of receipts and the latest possible disbursement of funds. However, the trial court should obtain the highest net return on its funds complying with payment terms.

## **6.10 Segregation of Duties**

(Revised 9/10)

Trial court executives and managers are responsible for establishing and maintaining a system of internal controls as outlined throughout the Trial Court Financial Policies and Procedures Manual. Appropriate segregation of the duties assigned to court employees is a key element to this system. For tasks associated with Bank Accounts, the same person should not perform more than one of the following types of duties:

- a. Receiving and depositing remittances.
- b. Inputting receipts information.
- c. Authorizing disbursements.<sup>6</sup>
- d. Controlling check stock.
- e. Preparing checks.
- f. Operating a check-signing machine.
- g. Signing checks or comparing machine-signed checks with authorizations and supporting documents.
- h. Reconciling Bank Accounts and posting the general ledger or any subsidiary ledger affected by cash transactions, and/or reconciling system input to output.

## **6.11 Closing Bank Accounts**

(Revised 9/10)

1. The trial court must maintain the minimum number of Bank Accounts necessary for efficient court operations. With the Judicial Council's designee's prior written approval, the court must close any Bank Accounts that are no longer necessary to conduct trial court operations.

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<sup>6</sup> In computerized systems, initiation, approval, and the input of disbursement information to the system must be performed by different people.

2. Requests to close Bank Accounts must be made in writing by completing Appendix E Notification to Close Bank Account as found in 7.0, Associated Documents and be signed by both the Presiding Judge and Court Executive Officer. Requests to close Bank Accounts must be sent to the Trust and Treasury Services, Manager and include the following information:
  - a. The account number and name.
  - b. The name and location of the financial institution.
  - c. The justification and purpose for closing the account.
  - d. The disposition of any funds currently deposited in the account to be closed.
  - e. The date on which the Bank Account is to be closed.
3. The Trust and Treasury Services, Manager must promptly review all trial court requests to close Bank Accounts and make a decision to accept or reject the court's request. The Judicial Council, or its designee, must issue a written notice of the acceptance or rejection of the trial court's request within 30 days. A copy of the written notification will also be provided to the Judicial Council and Trust and Treasury Services, Manager for filing and record purposes. The Administrative Director may request additional information or may confer with trial court officials prior to issuing a decision.
4. The trial court must send written notice of the date the account has been closed by completing the "FINAL CLOSURE" section of Appendix E Notification to Close Bank Account as found in 7.0, Associated Documents.
5. If the trial court does not demonstrate that it is competent to maintain bank accounts and control funds outside of the county treasury, the Judicial Council may order the court to close its Bank Accounts, and conduct operations in a way that is satisfactory to the Judicial

Council. Examples of unsatisfactory performance include the failure to reconcile bank accounts, repeated issuance of overdraft checks, inadequate implementation of internal controls, etc.

## **6.12 Record Retention**

(Revised 9/10)

1. Bank account records must be retained according to the requirements established in Policy No. FIN 12.01 Record Retention. Records that must be retained include, but are not limited to, bank statements, check registers, cancelled checks, and bank reconciliations.
2. Bank Account records must be stored under locked control.

**7.0 Associated Documents**  
(Revised 9/10)

**Appendix A: Memorandum of Understanding Court/County Services,  
Collection Bank Account for Criminal Fines, Penalties, and  
Forfeitures**

**Appendix B: Request to Open Bank Account**

**Appendix C: Notification of Opening a Bank Account**

**Appendix D: Annual Report of Trial Court Bank Accounts**

**Appendix E: Notification to Close Bank Account**

**Appendix F: Sample Credit Card Request Memorandum and Sample  
Associated Forms**

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## Appendix A

### MEMORANDUM of UNDERSTANDING COURT/COUNTY SERVICES

#### COLLECTIONS BANK ACCOUNT for CRIMINAL FINES, PENALTIES, AND FORFEITURES

[Note: because this is drafted as an Appendix to Court/County MOU, it does not restate the names of the parties to the MOU, which would be identified in that document. If this document is not an Appendix to the MOU, it should restate the names of the parties and other pertinent information.]

#### 1. Bank Account Authorization

As authorized by California Government Code section 68085.9, the parties agree that beginning **[(insert date)] / [the date when both parties have signed this Appendix (insert Appendix number)]**, the Court will deposit into a **bank account**, which has been established by the Administrative Office of the Courts (“AOC”) and which is separate from the County treasury, all money that is received by the Court and would otherwise be required by law to be deposited into the County treasury or with the County treasurer (“County Money”).

County Money includes, but is not limited to, money to which Sections 24353, 68085, 68085.5, and 68101 of the Government Code and Section 1463.001 of the Penal Code apply. Money collected pursuant to Government Code section 68085.1 will be deposited as provided in that section. The separate **bank account** has been approved by the County and the Administrative Director of the Courts in accordance with Government Code section 68085.9.

#### 2. Interest

The interest accrued on the County Money will be apportioned in the following manner: \_\_\_\_\_% to the Court and \_\_\_\_\_% to the County.

#### 3. Payment to County

**[By the \_\_\_ day of each calendar month] / [On (insert date), (insert date), (insert date), and (insert date) of each year]**, the Court will transfer to the County treasury all County Money then deposited by the Court in this separate **bank account**, plus the County’s portion of any accrued interest. Prior to each transfer of County Money, the Court will deduct any costs due to the Court, as described in paragraph 5 [and paragraph 6] below, from the amount of the transfer. [Note: this sentence should be removed if there will be no deductions for the Court’s costs.]

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**4. Payment Method**

The parties agree that each transfer will be made by **[check postmarked no later than the applicable transfer date to the following address: \_\_\_\_\_] / [electronic fund transfer] / [automated clearing house system]**. The County will provide all necessary transfer information and instructions to the Court.

**5. Banking and Administrative Costs**

The parties agree that the County will pay the Court’s reasonable banking and administrative costs for the amount attributable to the collection of County Money. **[Rather than deducting the County’s banking and administrative costs from each transfer of County Money, the Court will invoice the County for these costs on a [monthly] / [quarterly] basis. The County will pay each invoice within (insert figure) days of its receipt.] or [The Court will deduct the County’s banking and administrative costs for the preceding [month] / [quarter] from each transfer of County Money.]**

[Note: This paragraph should be removed if there is no remuneration or costs due to the Court for collection services]

**[6. Remuneration or Costs for Collection Services**

**The Court and the County have an existing separate agreement dated (insert date) for the provision of comprehensive collection services by the Court. The parties agree that Court will deduct from each transfer of County Money any remuneration or costs then due to the Court under the separate agreement for collection services.]**

**[Name of County]**

**[Name of Court]**

**By \_\_\_\_\_**

**By \_\_\_\_\_**

**Title \_\_\_\_\_**

**Title \_\_\_\_\_**

**Date \_\_\_\_\_**

**Date \_\_\_\_\_**

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### REQUEST TO OPEN BANK ACCOUNT

SUBMIT ORIGINAL to ADMINISTRATIVE OFFICE OF THE COURTS, Trust and Treasury Services, Manager, 455 Golden Gate Avenue, 7th Floor, San Francisco, CA 94102-3688, Phone: 415 865-7956, with the ORIGINAL SIGNATURE from THE PRESIDING JUDGE and COURT EXECUTIVE OFFICER.

<b>Trial Court:</b>	
<b>Proposed financial institution</b> <b>Name:</b> <b>Address:</b>	
<b>Type of account:</b> <input type="checkbox"/> Bail <input type="checkbox"/> Other Trust <input type="checkbox"/> Payroll <input type="checkbox"/> Operations <input type="checkbox"/> Other, specify:	
<b>Purpose of account (include justification):</b>	
<b>Account number:</b> (to be provided upon approval)	
<b>Expected interest rate:</b>	<b>Expected volume of checks (avg. per month):</b>
<b>Account name (e.g., Superior Court of California, County of _____, Operations Account)</b>	
<b>Funds will be insured by the Federal Deposit Insurance Corporation (FDIC) or Federal Savings and Loan Insurance Corporation (FSLIC)</b> <input type="checkbox"/> Yes <input type="checkbox"/> No	
<b>A conflict of interest will not exist for any judge, court officer or any other court employee by opening a bank account.</b> <input type="checkbox"/> Yes <input type="checkbox"/> No - specify: (attach additional pages, if necessary)	
<b>Capitalization status of bank</b> <input type="checkbox"/> Well capitalized <input type="checkbox"/> Other – specify:	
<b>Financial statement opinion</b> <input type="checkbox"/> Unqualified <input type="checkbox"/> Other – specify:	

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### REQUEST TO OPEN BANK ACCOUNT

#### CHECKLIST ON BANK ACCOUNT PROCEDURES

Ref.	Section description	Yes	No	N/A	Reason/justification for non-compliance
<b>A</b>	Application				
<b>B</b>	Definitions				
<b>C</b>	Authority for Trial Courts to Establish <b>Bank Accounts</b>				
<b>D</b>	Opening <b>Bank Accounts</b>				
<b>E</b>	Deposits				
<b>F</b>	Withdrawals				
<b>G</b>	<b>Bank Account</b> Reconciliation				
<b>H</b>	Overdrafts				
<b>I</b>	Escheatment of Unclaimed Money				
<b>J</b>	Maximizing Interest Earned				
<b>K</b>	Segregation of Duties				
<b>L</b>	Closing of <b>Bank Accounts</b>				
<b>M</b>	Record Retention				
I have reviewed Policy No. FIN 13.01 Banking Services. The procedures as outlined are being followed or explanations concerning reasons / justification for exception are detailed on the checklist above.					
<b>Signature: Presiding Judge</b>					<b>Date</b>
<b>Signature: Court Executive Officer</b>					<b>Date</b>
Administrative Office of the Courts Use Only					
<b>Remarks</b>					
<b>Recommendation:</b> <input type="checkbox"/> <b>Approve with conditions (may require certain statements)</b> <input type="checkbox"/> <b>Approve subject to:</b> <input type="checkbox"/> <b>Approve with circumstances:</b> <input type="checkbox"/> <b>Deny</b> <b>(Provide additional pages as necessary)</b>					
<b>Signature: Representative of the Judicial Council or Administrative Director of the Courts</b>					
<b>Approval Date:</b>					

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## **Appendix C**

### **Notification of Opening a Bank Account**

For Banks Other than Bank of America, N.A. opened under the AOC's Master banking services agreement.

Bank Name:

Bank Address:

Bank Account Name:

Bank Account Number:

Date Available for Use:

The First Month a Bank Statement will be Available:

Bank Contact Name:

Bank Contact Address:

Bank Contact Phone:

Bank Contact Fax:

Bank Contact e-mail:

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## **Appendix D**

### **Annual Report of Trial Court Bank Accounts**

Information as of: [Date]

The schedule must have the indicated information under the following column titles:

Bank Account Name:

Bank Account Number:

Bank Account Description:

Purpose of Account:

Bank/Financial Institution Name:

Bank Address:

Authority:

Bank Balance:

Financial Accounting Bank Balance:

Bank Representative's Name:

Bank Representative's Contact Phone Number:

Bank Representative's Contact Fax Number:

Bank Representative's Contact E-mail Address:

Authorized Signatories Names:

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### Notification to Close Bank Account

SUBMIT ORIGINAL to ADMINISTRATIVE OFFICE OF THE COURTS, Trust and Treasury Services, Manager, with ORIGINAL SIGNATURE from the PRESIDING JUDGE and COURT EXECUTIVE OFFICER.

Trial Court:	
Financial institution Name: Address:	
Type of account: <input type="checkbox"/> Bail <input type="checkbox"/> Other Trust <input type="checkbox"/> Payroll <input type="checkbox"/> Operations <input type="checkbox"/> Other, specify:  Reason for account closure :	
Account number:	
Date bank account is planned for closure:	Balance of any outstanding payment items (i.e. checks, ACH transactions): Outstanding Items as of Date:
Account name (e.g., Superior Court of California, County of _____, Operations Account)	
<b>FINAL CLOSURE</b>	
Account Closed as of Date:	
Bank Account Balance as of Actual Closure Date:	
Remaining Balance to be Transferred to: Bank: Bank Address: Bank Account Name: Bank Account Number: ABA Number:  Bank Person Contact:	



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**CREDIT CARD REQUEST MEMORANDUM**

**TO:** AOC Trust and Treasury Services

**FROM:** Superior Court of California,  
County of \_\_\_\_\_

**DATE:**

**SUBJECT / PURPOSE of MEMO:** Request to Accept Credit Card for Payment of Court Fees

Pursuant to California Rules of Court (Rule 10.820) it is requested that the Administrative Director of the Courts authorize the Superior Court of California in and for the County of \_\_\_\_\_ to accept credit cards for the payment of court fees and impose a convenience fee<sup>7</sup>, if required, for its use.

In support of this request the following information is provided:

**THIS SECTION IS TO BE COMPLETED BY THE COURT:**

Please refer to the attached “**Example**” supplied only for guidance in preparing your court’s request.

The court **must** include in its request, at minimum, the following items a., b. and c. as described below.

- a. *At least one of the following :*
  - (i) *a description of proposed convenience fee charged, how it was calculated, and affirmation that it meets the criteria established by California Rules of Court section 10.820(c);*
  - (ii) *a statement that the costs of accepting credit cards is not greater than the cost of accepting other forms of payment; or*
  - (iii) *a statement that the cost of accepting credit cards can be economically absorbed by the court and therefore no fee will be charged.*
- b. *Attach a copy of the proposed credit card acceptance contract and describe here the methodology used to determine that it is the most competitive structure compared with other possible contracts. Also include a description of the manner in which the credit cards will be accepted by the court, indicating whether acceptance will be “in-person” or “non in-person” or both.*
- c. *Description of alternative means for the payment of court fees.*

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<sup>7</sup> The VISA/MasterCard association rules governing all entities ("merchants") accepting credit or debit cards, permit the courts to charge a "convenience fee" for non in-person transactions, but prohibit the courts, or any other merchant, from imposing a "convenience fee" on any card-present transactions, unless the same fee is imposed on all like transactions regardless of the form of payment. A credit card or debit card presented by the cardholder in person, at a cashiering counter for example, is a "card-present" transaction. Credit card acceptance via a website or phone service is a "non in-person" transaction.

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By submitting this request, it is expressly understood that under no circumstances will any fees, fines, penalties or forfeitures that are the county's responsibility to remit to the State Treasurer's Office be deposited into any Bank Account approved for trial court use.

\_\_\_\_\_  
Presiding Judge

\_\_\_\_\_  
Court Executive Officer

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### Appendix F, page 3 of 3

**“Example”: Court Request to Accept Credit Cards**  
(Only Supplied for Guidance)  
[Court Letterhead]

[MMMMMM xx, 200X]

To: Trial Court Accounting Systems

From: Superior Court of California, County of \_\_\_\_\_

Subject: Request to Accept Credit Card for Payment of Court Fees

Pursuant to California Rules of Court (Rule 10.820) it is requested that the Administrative Director of the courts authorize the Superior Court of California in and for the County of \_\_\_\_\_ to accept credit cards for the payment for court fees and impose a convenience fee or charge back fees prior to distributing funds:

In support of this request the following information is provided:

- A) Interactive Voice Recognition (“IVR”) or internet payments will be charged a convenience fee under the Bank of America /EDS master merchant services agreement(s) with the A.O.C. Any fee’s charged directly to the Court for Credit Card usage will be deducted from monthly collections prior to distribution per GC 6159(H) which meets the requirements established by California Rules of Court section 10.820(c).
  
- B) Per the Trial Court Financial Policies and Procedures, No. FIN 13.01 Banking Services, which superseded Financial Memo TC2006-003, “Credit Card Acceptance in the Courts”, the Superior Court of California County of \_\_\_\_\_ requests credit card processing be accepted under the terms and conditions of the master merchant services agreement(s) with Bank of America Merchant Services and EDS Information Systems. The court intends to initially obtain the necessary processing services to accept credit cards via IVR, but may consider in the future accepting credit cards at its cashiering lines and/or via a court established website.
  
- C) The Superior Court of California, County of \_\_\_\_\_ will continue to accept other forms of payment currently in place such as cash, check, and money order.

\_\_\_\_\_  
, Presiding Judge

\_\_\_\_\_  
, Court Executive Officer