

**Bank:**  
**Charter #:**

**Date of Exam:**  
**Prepared By:**

## **#8– DEPOSITS and OFFICIAL CHECKS (Risk Focused)**

### **ASSIGNMENT OVERVIEW**

Deposits represent the predominant funding source for banks. The composition and pricing of deposit accounts are reviewed in the procedures for earnings and funds management. This procedure relates to the types of systems in place to account for and control deposit accounts and official checks. For additional information, see the Funding Sources and Other Liabilities section in the [FDIC Risk Management Manual of Examination Policies](#). The related DOB Reference document for this procedure identifies useful regulations, guidance, and other issuances by various regulatory authorities.

### **INSTRUCTIONS**

All examiners performing these procedures must be listed above in the “Prepared By” section. Completion of this procedure must be done electronically. All of the CORE ANALYSIS PHASE should be completed. Comments and findings for each step should be made in the comment box below each question. Reference to work paper documentation should also be included here. Documentation is to be sufficient to allow an audit trail of the examiner’s thought process and all significant findings.

The EIC/AEIC should review this procedure when complete. Acknowledgement that this procedure has been reviewed by the EIC/AEIC will be indicated on the SCOPE FORM.

**EXAMINERS ARE RESPONSIBLE FOR EXERCISING SOUND JUDGMENT AND UTILIZING REASONABLE INVESTIGATIVE AND ANALYTICAL SKILLS TO ARRIVE AT AN ACCURATE ASSESSMENT OF THE RISK PROFILE OF THIS SEGMENT OF THE INSTITUTION’S OPERATIONS. PERFORMING ALTERNATE PROCEDURES NOT LISTED WITH THESE GUIDELINES MAY BE NECESSARY TO COMPLETE THIS RISK ANALYSIS.**

## CORE ANALYSIS PHASE

### #8 Deposits and Official Checks

#### 1. Prior Criticism

1. Determine whether deficiencies noted in the last examination and most recent internal/external audit have been addressed and/or corrected by management. Detail how deficiencies were corrected. *Include a copy of audit exceptions and/or prior examination criticisms and management response in work papers or indicate the page number in the prior report of examination where the deficiencies are noted, or summarize exceptions/criticisms below, if applicable.*

Comment:

#### 2. Balance and Reconcile

2. Reconcile and verify Call Report schedule RC-E. Comment on any deficiencies noted. *Include copy of reconcilements in 8-A of the work papers.*

Comment:

#### 3. Internal Controls

3a. Evaluate internal controls of official checks. Refer to [Appendix](#) for guidance.

Comment:

3b. Review dormant accounts (including unrepresented or stale dated official checks and stored value cards) for proper segregation and dual control. *Note: Compliance with regulations related to dormant accounts and unclaimed property is reviewed in the Other Supervisory Issues procedure.*

Comment:

3c. Describe the bank's practices regarding unidentified deposits and remittances. Address the following:

(1) Are unidentified remittances and deposits recorded in a special liability or suspense account under dual custody?

(2) Does the bank transfer the unidentified remittances or deposits directly to an income or undivided profits account? If so, what ledger account is used?

Comment:

#### 4. Final Analysis

4. Complete the [Summary of Findings](#).

## SUMMARY OF FINDINGS

### #8 – DEPOSITS AND OFFICIAL CHECKS

Describe all strengths evident from the evaluation.

Describe all weaknesses evident from evaluation, including violations of law/regulation/rules; noncompliance with Departmental policies/guidelines; internal policy deficiencies/noncompliance; internal control weaknesses; MIS problems; and deficiencies in management supervision.

Report Worthy:

Not Report Worthy:

Determine why weaknesses exist and comment on management's response and plan of action. Identify bank personnel making the response.

**SUMMARY RISK RATING ASSIGNED: enter rating here**

#### Definitions:

1-Strong; 2-Satisfactory; 3-Less than satisfactory; 4-Deficient; 5-Critically deficient; NR-Not Rated

*Provide copy of this page to EIC/AEIC. Receipt and review of this form by the EIC/AEIC will be evidenced by his/her initials in the appropriate column for this procedure on the SCOPE FORM.*

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## APPENDIX

### Internal Controls – Official Checks

Sequentially numbered instruments should be used wherever possible. Pre-numbered documents aid in proving, reconciling, and controlling used and unused items. Number controls, including printer's confirmation, should be monitored by a person who is detached from that particular operation. Unissued, pre-numbered instruments that could be used to obtain funds should be maintained under dual control or joint custody.

#### Internal Controls:

- Bank's policy for issuing official checks should be reasonable and provide for adequate levels of approval based on transaction size;
- The posting of official checks to the ledgers is segregated and under dual control from the issuance of official checks;
- Periodic inventories of the working supply and or unissued checks is handled by someone other than the individual in control of the checks.
- Unissued checks are maintained under dual control to prevent the possibility of a large unrecorded liability.
- Unissued checks are pre-numbered and issued in numerical sequence
- Official checks are balanced and reconciled to the general ledger at least monthly

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