



65.10 Financial Services Agreements

65.10.10

July 1, 2010

Authority for these policies

65.10.10.a

RCW 43.08.015 states that:

"Within the policies and procedures established pursuant to RCW 43.41.110(14) and 43.88.160(1), the state treasurer shall take actions as are necessary to ensure the effective cash management of public funds. This cash management shall include the authority to represent the state in all contractual relationships with financial institutions. The state treasurer may delegate cash management responsibilities to the affected agencies with the concurrence of the office of financial management."

65.10.10.b

RCW 43.88.160(5) states that:

"The treasurer shall:

- (a) Receive, keep, and disburse all public funds of the state not expressly required by law to be received, kept, and disbursed by some other persons: PROVIDED, That this subsection shall not apply to those public funds of the institutions of higher learning which are not subject to appropriation;
- (b) Receive, disburse, or transfer public funds under the treasurer's supervision or custody;
- (c) Keep a correct and current account of all moneys received and disbursed by the treasurer, classified by fund or account;
- (d) Coordinate agencies' acceptance and use of credit cards and other payment methods, if the agencies have received authorization under RCW 43.41.180;
- (e) Perform such other duties as may be required by law or by regulations issued pursuant to this law.

It shall be unlawful for the treasurer to disburse public funds in the treasury except upon forms or by alternative means duly prescribed by the director of financial management."

65.10.10.c RCW 39.58.080 states that:

“(1) Except for funds deposited pursuant to a fiscal agency contract with the state fiscal agent or its correspondent bank, funds deposited pursuant to a custodial bank contract with the state’s custodial bank, and funds deposited pursuant to a local government multistate joint self-insurance program as provided in RCW 48.62.081, no public funds shall be deposited in demand or investment deposits except in a public depository located in this state or as otherwise expressly permitted by statute: PROVIDED, That the commission, or the chair upon delegation by the commission or chair deem appropriate, a treasurer to maintain a demand deposit account with a banking institution located outside the state of Washington solely for the purpose of transmitting money received to public depositories in the state of Washington for deposit.”

65.10.20

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Applicability

This chapter is applicable to all agencies of the state of Washington, unless otherwise exempted by statute or rule. The Budget and Accounting Act (RCW 43.88.020) defines the term “Agency” to mean and include “...every state office, officer, each institution, whether educational, correctional or other, and every department, division, board and commission, except as otherwise provided...”

Agencies may request delegation of authority from the Office of the State Treasurer (OST).

65.10.30

October 1, 2000

Responsibilities of the Office of Financial Management

The Office of Financial Management (OFM) has the following responsibilities related to agreements with financial institutions:

1. Work with agencies on requests for delegation of cash management responsibilities, and
2. Respond to requests for information concerning fiscal matters.

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Responsibilities of the Office of the State Treasurer

The Office of the State Treasurer (OST) has the following responsibilities related to agreements with financial institutions:

1. Negotiate master contracts with financial institutions, including but not limited to, contracts for treasury and treasury trust accounts, contracts for services available from local banks, contracts for electronic transfer of funds, including credit cards and debit cards, automated clearing house (ACH) transfers, wire transfers and contracts for lockbox services. Certain responsibilities may be delegated to agencies with OFM's concurrence. An agency delegated any of these responsibilities should use its best efforts to minimize the financial impact of the contract to the state agency, the taxpayers, and the public who uses its services. Refer to Subsection 40.10.50.
2. Pay, at its discretion, for purchased banking services for treasury and treasury trust accounts from the investment income accounts. OST's reimbursement for purchased banking services is generally limited to amounts above an agency's funding for the activity.
3. Advise agencies of new cash management techniques, practices, procedures and other efficient methods of collecting and disbursing state money to ensure maximum return on state investments.
4. Assist agencies by increasing their knowledge of applicable depository and investment statutes.
5. Advise agencies of required language that must be included in any Request for Proposal (RFP) and/or agreement/contract that has either an electronic funds settlement component or involves a vendor who holds funds for a period of time before remitting them to the state. This language must be included to mitigate the risk of loss of funds to the state.

65.10.50

June 1, 2002

Agency responsibilities

1. Contact the Office of the State Treasurer (OST) for information on specific services available from financial institutions and for assistance in banking negotiations to set up new local accounts or to expand the services of an existing local account. Agencies seeking delegated authority to negotiate contracts with financial institutions are encouraged to contact OST as early as possible.
2. Agencies seeking delegation of authority must provide documents for OST's review. The following documents are normally required to ensure that resulting contractual arrangements reflect sound business practices at minimized costs, using economies of scale to negotiate favorable fees, while insuring prompt payment and reducing liability:
 - a. Cover letter requesting delegation of authority,
 - b. Draft of the RFP or Request for Information (RFI), and
 - c. Draft of the banking contract.
3. Work with OST and the Public Deposit Protection Commission (PDPC) to ensure that all cash management laws have been met.
4. When preparing an RFP and/or agreement/contract that has either an electronic funds settlement component or involves a vendor who holds funds for a period of time before remitting them to the state, an agency must contact OST. OST will provide required language to be included in the documents that is essential to mitigate the risk of loss of funds to the state.