

## Chapter Bkg 8

## PAYING AND RECEIVING STATIONS OR BRANCHES

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**Bkg 8.01 Station or branch is unit of bank.** As a station or branch is not possessed of any legal identity separate from the bank, a station or branch can own no assets and has no liabilities in its own right. Therefore, the records maintained by the station or branch shall be for control purposes only and not for the purpose of indicating a separate identity either directly or by implication.

History: 1-2-56; am. Register, July, 1968, No. 151, eff. 8-1-68.

**Bkg 8.02 Books and records.** (1) For control purposes only and not as evidence of an attempt to segregate either assets or liabilities a subsidiary ledger to be known as "station (or branch) control ledger" may be maintained at the station or branch, composed of and limited to the following accounts:

| Debit   | Credit                            |
|---|-----------------------------------|
| Cash on hand  | Individual deposits               |
| Cash in correspondent bank (name)                               | Savings Deposits                  |
| Loans and discounts (where notes are kept at station or branch) | Certificates of deposits          |
| Overdrafts  | Other deposit accounts—(detailed) |
| Home office account   |                                   |

Note: If all posting of deposit accounts originating at the station or branch is performed at the parent bank, there would then be no need for the station or branch to show any deposit controls in its records, as shown above under "Credit."

(2) The only expansion of this control ledger that will be permissible will be to provide for more than one correspondent bank account used solely by the station or branch, or to provide for additional deposit accounts.

(3) It is to be noted that no provision is made for investments nor for any income or expense accounts. The home office account will be merely a balancing account to facilitate maintenance of proper control over all accounts.

History: 1-2-56; am. Register, July, 1968, No. 151, eff. 8-1-68.

**Bkg 8.03 Daily report to main office.** (1) A daily report shall be made by the station or branch manager to the home office at the close of each day's business, which report shall cover all of the station's or branch's transac-

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tions for the day, said transactions to be entered in the general journal and general ledger maintained at the home office. The daily report shall show in detail the total of debits and credits to deposit accounts and correspondent bank accounts as well as properly identified debits and credits to the home office account.

(2) All loan activity, receipt of income and payment of expenses will be reflected in changes in the cash on hand and home office accounts as neither loan, income nor expense accounts shall be carried in the "station (or branch) control ledger."

(3) The subsidiary detail of deposit accounts may be maintained at the station, branch or at the home office.

History: 1-2-56; am. Register, July, 1968, No. 151, eff. 8-1-68.

**Bkg 8.04 Checks drawn on main office.** Checks on individual accounts carried at the home office, either cashed or deposited at the station or branch, shall be forwarded direct to the home office at the end of each day. The total of such checks shall appear as a separate debit, properly identified, in the home office account and also on the daily report to the home office.

History: 1-2-56; am. Register, July, 1968, No. 151, eff. 8-1-68.

**Bkg 8.05 Deposits for main office accounts.** Deposits made at the station or branch on individual accounts carried at the home office shall be forwarded direct to the home office at the end of each day. The total of such deposits shall appear as a separate credit, properly identified in the home office account and also on the daily report to the home office.

History: 1-2-56; am. Register, July, 1968, No. 151, eff. 8-1-68.

**Bkg 8.06 Interoffice activity.** (1) In cases where there are 2 or more stations or branches, interoffice transactions, such as checks and deposits on accounts carried at station or branch "B" accepted at station or branch "A", shall be reflected in the home office account by debit or credit as in the case of checks and deposits on accounts carried at the home office. Separate totals for checks on each station or branch, properly identified as to station or branch, shall appear as debits to the home office account, and separate totals for deposits for each station or branch, identified as to station or branch, shall appear as credits to the home office account. Such checks and deposits should be forwarded direct to the the station or branch office where the accounts are carried for immediate posting to the subsidiary individual ledger maintained at that point.

(2) Checks on accounts carried at the home office or other station or branch offices and cashed or deposited at one of the other offices shall not be cleared through a correspondent bank, nor shall an "in transit" account be used. Such items must be debited to the home office account at the station or branch where cashed or deposited.

History: 1-2-56; am. Register, July, 1968, No. 151, eff. 8-1-68.

**Bkg 8.07 Station or branch identification on checks.** Blank checks furnished to depositors having checking accounts at a station or branch may be identified by showing the name of the station or branch in addition to the name and location of the home office of subject bank.

History: 1-2-56; am. Register, July, 1968, No. 151, eff. 8-1-68.

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**Bkg 8.08 Station or branch subsidiary accounts.** Memorandum records of station or branch transactions, such as income and expense, loans, etc., may be maintained at a station or branch to the extent desired but such records shall be independent of the "station (or branch) control ledger."

History: 1-2-56; am. Register, July, 1968, No. 151, eff. 8-1-68.

**Bkg 8.09 Home office account.** The daily report submitted by the station or branch manager shall include detailed transcript of the "home office account" for the day, with complete identification of each entry.

History: 1-2-56; am. Register, July, 1968, No. 151, eff. 8-1-68.

**Bkg 8.10 Loan records.** All loans made through a station or branch may either be entered in the loan register and liability ledger maintained at the home office or in the loan register and liability ledger maintained at each individual station or branch.

History: 1-2-56; am. Register, July, 1968, No. 151, eff. 8-1-68.

**Bkg 8.11 Incorporating station or branch activity in main office accounts.** (1) All station or branch transactions covered by the station or branch manager's daily report shall be incorporated in the general journal and general ledger maintained at the home office as of the date covered by the report.

(2) The transactions reported by the station or branch manager shall be entered in control accounts in the general ledger which will then reflect the consolidated total of like accounts of both station or branch and home office. If desired, subsidiary accounts, only in the case of accounts carried in the "station (or branch) control ledger," may be carried after the control accounts showing the breakdown as between station or branch and home office.

(3) The daily statement prepared at the home office shall show the totals of the control accounts only.

(4) The general ledger of the home office shall not show the segregation of any investments or loans for the benefit of the station or branch.

(5) Subsidiary records of station or branch activity may be maintained at the home office to the extent desired.

History: 1-2-56; am. Register, July, 1968, No. 151, eff. 8-1-68.

**Bkg 8.12 Checks and deposits for stations or branches.** (1) Checks and deposits on accounts carried at the station or branch which have been accepted at the home office shall be posted direct to the individual deposit control account in the general ledger as of the day accepted. Such checks and deposits shall then be forwarded direct to the station or branch for posting to the "station (or branch) control ledger" and subsidiary ledgers.

(2) No "stations", "branches" or "in transit" account for station or branch transactions shall appear on the books of the home office. All entries covering station or branch transactions shall be posted direct to the proper general ledger accounts.

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(3) If found practical, the subsidiary detail of deposit accounts may be maintained at the home office in which case checks and deposits will remain at the home office.

History: 1-2-56; am. Register, July, 1968, No. 151, eff. 8-1-68.

**Bkg 8.13 Suspense account.** The home office may maintain a "suspense" account on the general ledger for each station or branch to which may be debited or credited only such entries as cover pure suspense transactions. For example: Home office advances cash of \$10 in connection with a transaction occurring at the station or branch, which \$10 is recoverable from customer at station or branch. Home office may debit "station (or branch) suspense" account pending collection at the station or branch.

History: 1-2-56; am. Register, July, 1968, No. 151, eff. 8-1-68.

**Bkg 8.14 Station or branch supervision.** Periodic visits are to be made to the station or branch by a member of the bank's auditing department, or an officer of the bank or his representative, to verify cash on hand, station or branch loan control account and liability ledger in connection therewith, the reconcilements of correspondent bank accounts at the station or branch if maintained there, and verification of deposit controls. Such visits are to be unannounced and are to be made at least monthly, and more often if desirable. Audit functions of every nature need not be covered at each visit but should be covered frequently during the year through a changing pattern of alternating verification. Station or branch personnel should verify deposit and loan control accounts at least monthly when these records are posted at the station or branch.

History: 1-2-56; am. Register, July, 1968, No. 151, eff. 8-1-68.