

## Chapter Bkg 8

## PAYING AND RECEIVING STATIONS

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

**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 control ledger" may be maintained at the station, composed of and limited to the following accounts:

<i>Debit</i>	<i>Credit</i>
Cash on hand	Individual deposits
Cash in correspondent bank (name)	Savings deposits
Overdrafts	Certificates of deposit
Home office account.	Other deposit accounts— (detailed)

(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 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.

**Bkg 8.03 Daily report to main office.** (1) A daily report shall be made by the station manager to the home office at the close of each day's business, which report shall cover all of the station's transactions 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 expense 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 control ledger."

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

**Bkg 8.04 Checks drawn on main office.** Checks on individual accounts carried at the home office, either cashed or deposited at the station, 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.

**Bkg 8.05 Deposits for main office accounts.** Deposits made at the station 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.

**Bkg 8.06 Interstation activity.** (1) In cases where there are 2 or more stations, interstation transactions, such as checks and deposits on accounts carried at station "B" accepted at station "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, properly identified as to station, shall appear as debits to the home office account, and separate totals for deposits for each station, identified as to station, shall appear as credits to the home office account. Such checks and deposits should be forwarded direct to the station 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 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 where cashed or deposited.

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

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

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

**Bkg 8.10 Loan records.** All loans made through the station shall be entered in the loan register and in the liability ledger maintained at the home office.

**Bkg 8.11 Incorporating station activity in main office accounts.** (1) All station transactions covered by the station 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 manager shall be entered in control accounts in the general ledger which will then reflect the consolidated total of like accounts of both station and home office. If desired, subsidiary accounts, only in the case of accounts carried in the "station control ledger," may be carried after the control accounts showing the breakdown as between station 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 at the home office shall not show the segregation of any investments for the benefit of the station.

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

**Bkg 8.12 Checks and deposits for stations.** (1) Checks and deposits on accounts carried at the station 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 for posting to the "station control ledger" and subsidiary ledgers.

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

(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.

**Bkg 8.13 Suspense account.** The home office may maintain a "suspense" account on the general ledger for each station 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, which \$10 is recoverable from customer at station. Home office may debit "station suspense" account pending collection at the station.

**Bkg 8.14 Station supervision.** Periodic visits are to be made to the station by a representative from the home office for the purpose of verifying cash on hand and detail of deposit accounts and to otherwise ascertain that operations are being conducted in a satisfactory manner. Such visits are to be unannounced and are to be made at least monthly and more often if found advisable. At least once a month the detail of deposit accounts should be verified and the total reconciled with the "home office account" appearing on the "station control ledger." Said reconcilements are to be maintained on file at the home office.