



## **Policy on the Use of Remote Deposit Services by Maryland State Agencies**

### **1.0 Objective**

The Banking Services Division of the Maryland State Treasurer's Office has issued this Policy on the Use of Remote Deposit Services by Maryland State Agencies (Policy) to provide guidance when utilizing remote deposit capture services (RDC) as a method of making check deposits into the State's bank accounts.

The goal is to provide State agencies with operating policies that will address the unique risks associated with making deposits via RDC.

### **2.0 Applicability**

This Policy applies to all State of Maryland agency locations that utilize RDC to make check deposits to their depository plus bank accounts.

### **3.0 Authority**

The Treasurer's authority as custodian of the State Treasury and as the Constitutional Officer responsible for the deposit and disbursement of State funds is found under Article VI, Section 3, of the State Constitution and Titles 6 and 7 of the State Finance and Procurement Article of the Annotated Code of Maryland.

It is the overall mission of the Banking Services Division to provide efficient, accurate, and timely banking services to all State agencies and external customers. As part of its overall mission the Banking Services Division serves as the State's authority for the development, control, and maintenance of statewide policies and procedures for banking products and services.

### **4.0 Introduction and Rationale for the Policy**

Passage of the Check Clearing for the 21<sup>st</sup> Century Act (Check 21 Act) in 2004 coupled with the advancement of technology has resulted in banks offering customers RDC. RDC is a service that allows bank customers to scan and capture images of bank deposits and present them

electronically to the bank without having to physically deliver the check to the bank. From the customer perspective, RDC can eliminate courier and transportation costs and provide quicker access to funds. However, RDC also brings with it new risks and challenges as the customer has now taken on new responsibilities that were previously performed internal to the bank (i.e. scanning checks, storing checks, and destroying checks).

This Policy provides State agencies guidance designed to deal with the new risks associated with using RDC. State agencies should incorporate this policy guidance into their internal control program in order to ensure the risks of RDC are properly monitored and controlled.

## **5.0 Remote Deposit Capture Risk Mitigation Policies**


- 5.1 RDC scanners and the host computers for the RDC software shall be located in a secure building or office.
- 5.2 The host computers for the RDC software system shall be loaded with working and up to date anti-virus software.
- 5.3 Access to the RDC software system shall be controlled by a client administrator who shall designate user roles and functions to a limited number of staff with segregated duties.
- 5.4 Designated users shall be assigned individual user IDs and passwords that shall not be shared among users.
- 5.5 Received checks shall be restrictively endorsed with a stamp and logged in upon receipt.
- 5.6 Received checks shall be stored in a secure location accessible only to personnel designated to handle checks before, during and after scanning until they are destroyed.
- 5.7 The agency shall verify that the scanner endorsement and spray line is properly added to each scanned check.
- 5.8 All scanned deposits shall be made using, as a remittance coupon, the Bank of America Depository Plus Account remote deposit slips specifically designated for remote deposits. These slips shall be ordered through the Special Forces group at Harland Clarke (or any approved subsequent providers).
- 5.9 A supervisor shall review and approve the use of the duplicate override feature to transmit a scanned check that the RDC software identifies as a duplicate.
- 5.10 The person who scans the checks should be independent from the person who transmits the complete batch of scanned images to the bank.

- 5.11 In accordance with the Comptroller of Maryland's "Accounting Procedures Manual for the Use of State Agencies," all cash deposits, including remote deposits, are required to be entered into R\*Stars within two business days of the deposit using the five digit deposit ticket number from the Bank of America Depository Plus Account remote deposit slip.
- 5.12 Scanned checks whose transmitted images have been accepted by the bank shall be stored in a secure location for the minimum time recommended by the bank (currently 14 business days) but not longer than 30 days unless there is an exigent circumstance or the bank provides other guidance. The bank may require that a check be rescanned (checks marked void cannot be rescanned).
- 5.13 Scanned checks shall be destroyed within 30 days of deposit using a cross cut shredder or equivalent secure destruction method.
- 5.14 Both the check images deposited at the bank and the checks destroyed shall be independently reconciled to the incoming check receipt log.

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Issued by:



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