Chapter 1 : About The Bank Store

View a sample of this title using the ReadNow feature. SheshunoffÂ®'s Trust Department Policies and Procedures manual offers the trust manager a comprehensive action plan for implementing and maintaining trust department policies and procedures that will protect the interests of both the bank and the bank's customers.

Acceptance of New Accounts Formal acknowledgment of new accounts should be noted in Board or committee minutes. The Board has the authority to delegate approval of accounts to a junior committee. However, this practice should be used judiciously as the Board continues to remain responsible for all accounts accepted. Management should delineate standards for the acceptance of new business to control potential risks. Other areas for consideration include, but are not limited to: Purpose of the account, Identity of principals and beneficiaries, Existence of, or potential for, conflicts of interest, Complexity of provisions, Composition and nature of assets, Existence of administrative problems, and Profitability. Examiners should note that the acceptance of an unprofitable account should not be necessarily viewed as unfavorable. Unprofitable accounts may be accepted for a number of reasons including, but not limited to: Fee concessions for director, officer, and employee accounts may be acceptable, if offered on a non-discriminatory basis and under well-defined policies. The improper administration of an account can potentially expose the bank to reputation risk and financial liability. A significant increase in the number of closed accounts may be indicative of other underlying operational or administrative issues. Formal acknowledgement of closed accounts should be noted in the Board or committee minutes, along with the reason the account was closed. Furthermore, trust department records must contain receipt for assets transferred from the successor trustee, administrator or beneficiaries. Discretionary Distributions, Reallocation of Principal and Income, Extraordinary Expenditures, and Other Matters The authority to grant discretionary distributions or reallocate principal and income depending upon state law is one of the most important powers vested in a fiduciary. The exercise of the power should be vested in the Board of Directors or a duly appointed committee i. In the same manner, extraordinary expenditures should be approved by the Board or a delegated committee. The reasons for the expenditures and any communication with interested parties should be documented in the trust files. As a result, investments may be made in products that do not provide a current income stream, but have considerable capital appreciation. Under the UPIA, specific assets and the uniform allocation is detailed. A copy of the UPIA is included in Appendix C and a listing of the more common assets and their related allocations between principal and income are included in Chapter 2. The authority to grant discretionary distributions or reallocate principal and income are two of the most important powers vested in a fiduciary. The exercise of power should be vested in the Board of Directors or a duly appointed committee and approval or ratification of significant discretionary or reallocation actions should be noted in the Board or committee minutes. Documentation of the approval of discretionary distributions or principal and income reallocations, and denials should be retained in the individual account file to support on-going administrative responsibilities. In the same manner, extraordinary expenditures should be approved by the Board or a committee that reports directly to the Board. Conservation of the value of the assets entrusted to its care of trust corpus; Optimization of income or growth in value consistent with prudent practices, the terms of the agreement, and the needs of the beneficiaries; and The Board of Directors or its trust committee is responsible for the approval of all purchases and sales of assets, and for the retention or disposition of investments. However, in larger departments, senior management or the trust investment committee often reviews purchases and sales. The frequency weekly or monthly and method of review will vary depending upon management preferences, the volume of trades, and the trust accounting system utilized. Some departments may use an exception-based review process. Regardless of the method chosen, the review of purchases and sales is essential for a strong risk management program. Additional information on investments can be found in the Asset Management section. Refer to the Account Review program for items to consider in an investment review. Account Reviews As discussed in the Statement, the trust committee should review each trust account initially upon acceptance and at least annually thereafter. Frequently, large trust departments delegate this responsibility to another committee or a disinterested trust officer. The annual review should incorporate an administrative review, and a review of investments, when the department exercises investment discretion. Refer to Account Review Program in this section. The adoption of a thorough audit program allows the Board to identify practices that contravene policies or violate fiduciary laws and regulations. It is essential for the Board or its designee to review the findings of the audit s and document the actions taken to respond to the findings. Additionally, the Board should review all examination reports by supervisory agencies and note corrective actions taken in the minutes. Refer to audits and accounting issues. Retention of Legal Counsel Management must effectively identify, measure, monitor, and control the legal risks inherent in the trust business. Therefore, informal or formal policies should be developed to assist management in the selection and retention of competent legal counsel, either in-house or external. Accounts considered for acceptance that involve pending or threatened litigation, complex or unusual documentation, or ambiguous language should be reviewed by counsel. Adequacy of Insurance Coverage An effective risk management program includes adequate insurance coverage. The Board has a responsibility to maintain sufficient coverage for the risks inherent in the fiduciary business. Furthermore, management must periodically review the policies for continued suitability. However, the Board and management should not rely on insurance coverage to compensate for poor operational controls or the absence of proper oversight. Any workable system of organization of the trust department is acceptable, as long as it enables the directors, management and staff of the trust department to fulfill their respective responsibilities. The Board of Directors may fulfill its fiduciary responsibilities by adopting an organizational plan that effectively accommodates the volume and type of fiduciary services offered, the competitive environment and future growth. Committee Structure Although the Board may elect to attend to all fiduciary matters, the handling of routine administrative and operational details is usually delegated to others. If the Board chooses to assign functions to a committee s , all committee actions pertaining to the oversight of fiduciary functions should be recorded in minutes or similar records. Trust department committees should be structured to be flexible and workable. Functions and objectives should be clearly defined and effectively executed. Regular attendance and active participation by committee members are essential for effective oversight. Utilization of the committee process does not relieve the Board of its responsibilities for the actions taken by those groups. Trust Committee Normally, the Board of Directors does not directly supervise trust department activities. Depending on the size of the institution, the Board may establish a trust committee. In such cases, the committee should include at least three directors of the Board, and in institutions with outside directors, the committee should include at least one director who is not a bank officer. Examiners should assess trust committee independence and make recommendations where appropriate. According to the Statement, the trust committee should meet at least quarterly. The trust committee should meet more frequently when necessary and prudent to fulfill its responsibilities. Management Committees Although not required, it is common practice to have management committees in both large and small departments. These committees typically review items requiring immediate attention or routine department activities. The two most frequently encountered committees are the trust administration committee and the trust investment committee. Larger departments may employ additional sub-committees proxy, fee deviation, etc. Management committees should maintain adequate minutes of meetings held and actions taken, which subsequently should be reviewed by the trust committee or its designee. Trust Officer Duties and Management Skills The Board of Directors should designate a qualified and competent officer to administer the activities of the trust department. In assessing competence, the qualifications of management should be evaluated in relation to the duties assigned. Administrative duties of the trust officer include at a minimum, the following: Represent the institution in all fiduciary matters; Oversee administration of trust department accounts; Report all matters requiring its attention to the trust committee; Execute policies and instructions of the directors and the trust committee; Maintain adequate records such as entries, settlement sheets, and follow-up systems; Maintain adequate documentation to ensure all assets are properly safeguarded. In such cases, the examiner should emphasize the need for fiduciary expertise at middle management levels. Planning - A trust officer should establish a predetermined course of action. This includes setting both short-term and long-term objectives and establishing policies, procedures, and programs to reach these objectives. The grouping of these activities, delegating of authority to perform these activities, and providing for coordination of relationships in the organizational structure should be analyzed. Staffing - Management should employ a sufficient number of qualified employees. This involves effectively recruiting, training, and retaining employees. Controlling - Management should review, evaluate, and regulate the work in progress to ensure the activities meet established plans. The examiner should analyze the type and depth of training offered to all trust personnel and evaluate the adequacy of the training program. Training may include in-house development programs, on-the-job training, correspondence courses, banking schools and seminars, training facilities of larger banks, and tuition aid programs. The examiner should consider expertise available from sources outside the bank. Management may compensate for "in-house" weaknesses in such areas as investments, tax law, or accounting by employing outside professional services if permitted under state law. The examiner should determine whether management understands and can effectively evaluate the information and recommendations made by these services. Management should be able to use such services effectively. Before contracting with an outside servicer, a due diligence review of the counterparty and the contract should be performed. Refer to outside contracting for fiduciary services for additional information on due diligence reviews. The competence of management should be questioned, if serious shortcomings or criticisms exist. When deficiencies are of short duration, middle management may often be responsible. However, senior management must be held responsible for any long-standing or widespread deficiencies. The examiner-in-charge must describe management deficiencies and make appropriate recommendations to correct them. Assessment Factors Examiners should look at the following factors when evaluating the competence and expertise of management, such as: Experience - What is the experience level of trust department management and does this experience correspond to the individual duties and responsibilities assigned? Training - What kind of professional training, such as schools and seminars, is provided to management personnel, and has it been effective? Education - What is the level of academic achievement within the department and the relationship to managerial positions? Character - Are the personality, disposition, and reputation of trust department management consistent with the requirements imposed by their individual duties and responsibilities? In small trust departments, management must generally be well versed in all facets of the fiduciary services offered by the department. In moderate or larger departments, middle-level personnel may specialize i. Personnel, Staffing Levels, and Authority Lines A plan of personnel organization should provide for continuity and include procedures for recruiting, training, and evaluating personnel. The staff should be adequate to handle the volume of work. The lines of authority can be structured on a legal entity, business line, or functional basis. An organizational chart is helpful as a starting point.

Chapter 2 : Trust department policies and procedures manual. TX ()

Examiners should strongly encourage management to adopt account review procedures and should criticize failure to review accounts in accordance with the Statement of Principles of Trust Department Management or departmental policies in the Report of Examination.

Chapter 3 : Legal Forms | Policy and Procedures Manual | Preston Kerr - JDSupra

Sheshunoff's Trust Department Policies and Procedures manual offers the trust manager a comprehensive action plan for implementing and maintaining trust department policies and procedures that will protect the interests of both the bank and the bank's customers. With this manual as a guide, the trust officer can avoid costly mistakes and common.

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Chapter 4 : Trust department policies and procedures manual | Open Library

National banks engaged in trust operations are subject to the rules, policies, and procedures applicable to recordkeeping and confirmation requirements. These requirements are described in Recordkeeping and Confirmation Requirements for Securities Transactions (12 CFR 12).

Chapter 5 : PDF Download Trust Department Policies And Procedures Free

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Trust Department Policies and Procedures gives you what you need. Use our sample trust policies and procedures as is, or easily adapt them to your bank's specific needs. Six comprehensive sections cover policies and procedures for every area.

Chapter 7 : Trust department policies and procedures manual (edition) | Open Library

Trust department policies and procedures manual by Arthur A. Fritz, , Sheshunoff edition, in English.

Chapter 8 : Bank Trust Department Policies and Procedures - Bank Expert Consultant

Review the department's written policies and procedures and note the date of Board approval. Assess the adequacy of policies and procedures in relation the institution's overall fiduciary calendrierdelascience.comm that a.

Chapter 9 : LexisNexis Research Solutions - Searchable Directory of Online Sources

The trust department's policy should clearly describe to whom and for what purpose discounts will be allowed, the types of services which may be involved, and the method by which the trust department may be compensated by the bank for such discounts.