Policy & Procedures
Key Points to Safe Deposit Operations

Policy and Procedure! Policy and Procedure! Sometimes it seems like that's all we talk about! Well, it is all we talk about! It is such a broad area that virtually everything we cover in our meetings, seminars and articles falls under "Policy and Procedure".

It is apparent; however, from many of the questions asked that there is a good deal of confusion regarding the difference between what is good procedure, how policy affects procedure, and how the law affects both policy and procedure.

Let's start with some definitions from Webster's 7th New Collegiate Dictionary.

• Procedure - a particular way of accomplishing something or acting; a series of steps followed in a regular, definite order; a traditional or established way of doing things

• Policy - a prudence or wisdom in the management of affairs; a definite course or method of action selected from among alternatives and in light of given conditions to guide and determine present and future decisions.

• Law - a rule of conduct or action prescribed or formally recognized as binding or enforced by a controlling authority; a rule or order that it is advisable or obligatory to observe

In safe deposit we establish procedures for how to do various parts of the job. Procedures are established by looking at the various ways a job can be done and selecting the best way to do it.

Since the best way may vary depending on the circumstances in a particular institution, policy must be established by the institution to select among the alternatives. Policy should be determined, or at least approved, by management thereby making management ultimately responsible for how the job is to be done.

In determining policy a couple of things must be taken into consideration:

• Laws

• Common standards of procedure

• Particular circumstances of the institution

This newsletter is designed help share information about common standards of procedure, the alternate ways of doing things, the pros and cons to those alternatives, and, what laws effect those procedures.

Let's examine several key areas of procedure where policy decisions must be made.

Rental

Identification - Do you require identification? If so, what type? The same kind of policy decision was made somewhere along the way for deposit accounts at your institution.

Social Security Number - Do you require one for box rental? If you do, you may want to reconsider. Technically it is illegal to require a Social Security number for other than tax reporting purposes. The law must be taken into consideration when establishing the policy which sets your procedure.

Renting to Minors - Do you rent to minors? Do you rent to a minor individually, with an adult or parent? Contract law in many states says that contracts with minors may not be enforceable.
provisions in your contract important enough that they need to be enforceable against all renters or is your management willing to make a policy decision to rent to minors?)

Read your laws. In some states special provision is made for renting safe deposit boxes to minors. In some states, special provision is made to rent to a minor who is married regardless of whether the spouse is an adult or also a minor.

Titling boxes - Your written procedures should include a list of appropriate ways various rentals may be titled. In order to make this list, policy decisions must be made with the input of legal counsel regarding how the law views the rights of box access.

Surrender

Your contract should contain a surrender clause and a space for the authorized individual to sign that they are surrendering the box and that they are relieving the institution of liability. It should also have a space to indicate how many keys were surrendered. A box should NEVER be surrendered without keys. If the customer lost the keys, collect the drill fee and schedule your locksmith to open the box in the presence of the customer.

Surrenders by mail - Do you allow a box to be surrendered by authority of a letter sent by the renter? Do you require that the letter be signed? What if no keys have been sent? What if keys have been sent? What are the pros and cons? Is management willing to take the responsibility of having possession of a renter's keys? Policy should dictate procedure if you choose to allow surrender by mail authorization.

Access

Handling of boxes - A policy decision must be made in order to establish proper procedures for handling a tin that will be in compliance with the law. Under ADA (The Americans with Disabilities Act) there are things which must be considered. Some issues that need to be addressed include whether or not to carry the tin for the customer, wheel chair accessibility, boxes that are wheel chair height kept available, and how to handle boxes that are too high for the customer to reach. Established procedures will insure consistency in handling these situations.

Blind Customers - A customer with a sight disability (Blindness) presents a different challenge since they are unable to see you handle their key and box. Management must adopt a policy based on the risk they are willing to take to establish procedures for handling this situation. If the customer meets the standards set for all customers you must make the rental.

Will Searches - State law will dictate how and who can conduct a will search. In absence of state law, your policy will determine how will searches are handled and who may request a will search.

Inheritance Tax Inventories - In a state where boxes are still required to be sealed and inventoried, generally the law will direct how it should be handled and who is eligible to be present. If there is no estate, once again state law will determine how to handle the situation. In a state not requiring boxes to be sealed and inventoried generally the safe deposit box is passed to the surviving owner of the box.

Leaving Customers in the Vault - Do you ever leave customers alone in the vault? If you do, did management approve a policy that looks at the risks involved? Some risks include tampering with the locks and making keyhole impressions?

Trash containers - Do you have trash containers in your coupon (privacy) booths? Management must be aware of the risk of items accidentally thrown away or placed there in order to perpetrate a scam. Trash containers in your rooms could cause the potential for a lawsuit.
**Visitors** - Do you require all individuals who accompany your customer into the coupon booth to sign the access card/slip? If there are small children their presence should be noted on the access ticket or card. Making this good procedure a policy of your institution could provide a valuable tool in combating mysterious disappearance claims and avoiding legal problems.

**Open vs. Closed Door Policy** - Do you have a policy regarding your procedure on whether the door to the safe itself is left open or locked closed? There are pros and cons to each procedure and risks to each which management must be aware of, but the most important part of the procedure is that the policy be followed consistently. Incidentally, this is true of ALL safe deposit procedures.

**Access Cards vs. Slips** - Which should your institution use? Again this is a policy decision with implications in the law. If records are subpoenaed and must be retrieved, will your system make your job easier or harder? Does your system leave you open to forged signatures?

**Other Considerations**

- Do you check coupon booths after each use? If your policy and procedure is not to what risks must management be aware of?

- Does your procedure require you to switch locks or re-key locks between rentals? If not, why? What are the risks?

- Do you allow guns to be stored in boxes? It's not illegal, unless restricted by your contract/lease. If a policy decision is made to ban them, how can you do it?

- If you have suspicions about a customer's activities (drug dealing, money laundering etc.) what is your policy? Did you know that the law protects you if your policy is to report such activity to the appropriate authority?

- When do you drill a box for non-payment of rent? Be sure to follow the laws in your state setting out guidelines for your policy? In Pennsylvania there is no law regarding how long to wait.

These are but a few of the many everyday pieces of safe deposit life which require established procedures backed by carefully considered policy decisions. It will be well worth your time and energy to review your policies and procedures before problems develop.

If your institution does not have a Policy & Procedure Handbook you may wish to adopt the Jefferson/Paul, “Safe Deposit Policy & Procedures Handbook” co-authored by Waverly Egbert and David McGuinn. This handbook can be purchased in two different formats. If you would like the paper version you may order it from the catalog included on the website below. If you would prefer the on-line version that can be saved on your financial organization's intranet and used by all locations you may download it from the same website by completing the application blank. Be sure when downloading the handbook to also download and save your states law.

On this website is: www.americansafedeposit.com. You will also find a Power Point training package under Training Material that you can use to train all employees in efficient ways to operate a Safe Deposit department and protect your organization's liability.