

# Bank Account Policy

Effective Date: September 30, 2008

Latest Revision: May 8, 2014

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## Policy Statement

This policy sets certain requirements for opening, closing, updating, and maintaining Columbia University bank accounts.

## Reasons for the Policy

The purpose of this policy is to establish adequate control procedures over University assets and minimize the University's risk of financial loss.

## Responsible University Office

The Office of the Treasurer

## Who is Governed by this Policy

Each individual, school, department, center, institute, and program ("University schools/departments") that require and/or utilize University bank accounts should review and understand this policy.

## Policy Text

In accordance with the University's by-laws, bank accounts may only be opened and closed with the authorization of the University's Trustees. This authorization has been formally delegated to the Executive Vice President (EVP) for Finance and to the Treasurer. Accordingly, Columbia University schools/departments must not establish a University bank account without first obtaining written approval from the EVP for Finance or Treasurer. This condition applies to all University bank accounts as defined above, regardless of how the account is named.

## Definitions

For purposes of this policy, "University bank accounts" mean any bank account opened (1) by or for the University or any of its schools, departments, centers, institutes, or programs, (2) by or for any entity in which the University has an interest (such as an entity that may be established for overseas activities, or a subsidiary of the University), and/or (3) with any of the University's tax identification numbers.

## University Bank Accounts

A Columbia University bank account can only be used for legitimate and allowable business purposes of the University or an entity in which the University has a controlling interest (“University Entity”). Requests for new bank accounts must be submitted by University departments to the Office of the Treasurer and the ultimate decision to open a bank account is at the discretion of the University’s Trustees, Executive Vice President (EVP) for Finance, or Treasurer.

All University bank accounts must either have the University Operating Entity Employer Identification Number (EIN), Personal Account Number (PAN), or the equivalent as consistent with the applicable laws of the local jurisdiction, and either the name “Trustees of Columbia University” or the name of the University entity in the account title. Where applicable, the account title will also contain the designated “Doing Business as (DBA)” title of the University Department.

University-affiliated organizations that are not formed for University school/department related activities are not permitted to establish bank accounts in the University’s name or EIN. Student groups (clubs, fraternities, etc.) are not permitted to establish bank accounts unless they are separately incorporated, and under no circumstance may they establish bank accounts in the University name or EIN. Student groups should contact their school business office or Dean of Students to determine what other options are available.

## Choosing a Bank

Wherever possible, it is important to open and maintain bank accounts with entities that have well established University banking relationships. The University has relationships with a small number of large banks with a global or regional network. For a complete list of University banking relationships and to discuss circumstances where a local bank or non-University bank relationship may be necessary, please contact [cashteam@columbia.edu](mailto:cashteam@columbia.edu).

## Opening Bank Accounts

Contact the Office of the Treasurer to open a University bank account. Complete and submit the attached Bank Account Request Form (Part I) in Appendix A.

1. Account Specifications
2. Intended length of program (typically must be greater than one year)
3. Twelve month cash forecast/budget (project expense accounts)
4. Copies of resolutions and operating agreements from the Office of General Counsel (if international or new entity)
5. Copy of in-country registration from the Office of General Counsel (if international or new entity)

6. Suggested bank, address and contact information

7. Description of the electronic reporting capabilities and if applicable a list of authorized individuals who may access the online system

8. List of authorized signatories on the account and a description of any limitations on the account by authorized signers

9. Approval by the Senior Business Officer from the school/department of Columbia University

Once the Treasurer approves the bank account, the Office of the Treasurer will request the new ARC General Ledger natural account and master clearing account (MCA) numbers associated with the bank account from the Controller's office.

### **Authorized Signers and Electronic System User Access**

**Bank account signers:** Unless otherwise specifically authorized in writing by the EVP for Finance or Treasurer, all bank signatories must be Columbia University employees and the authorized signers must include the EVP for Finance or Treasurer. Domestic accounts should include at least one additional finance division officer.

International accounts should include two additional signatories, such as those of the Vice Dean for Finance (or equivalent), PI, or Program/Country Director. There should be more than one signatory in country, which is recommended especially if the primary signatory travels frequently. Authorized signatories for international bank accounts may, if approved in writing in advance by the EVP for Finance or Treasurer, include senior administrators of the local entity who are not University employees.

American citizens with signing authority over an international bank account may be required to file a disclosure as part of their personal income tax filings.

**Electronic banking system user access:** Online banking system user access and levels of transaction and reporting access must be approved by the Senior Business Officer of the school/department.

**Authorization limits:** Signing and transaction limits must be aligned with the dollar limits set in the Department Authorization Function (DAF) Policy. Any deviation from this policy must be authorized in writing by the EVP for Finance or Treasurer.

### **Bank Account Funding**

Bank account funding requests to the Office of the Treasurer must be submitted by the NY school/department office responsible for account activities and coordinated with the local school/department utilizing the bank account. International bank account balances should not exceed three month's operating cash requirements unless prior written approval is received from the Office of the Treasurer. Local funding sources must be pre-approved by the NY school/department. The local and NY offices

responsible for the bank accounts, regardless of funding sources, must adhere to policies and procedures regarding financial controls, bank account activity, and reporting requirements.

### **Bank Account Reconciliation**

The University school/department is responsible to appoint the appropriate staff to record and reconcile all bank activity in the bank account and in the ARC General Ledger monthly. There are two types of reconciliations that must be completed depending on the type of account: (1) the ending bank balance on the bank statement must be reconciled to the bank balance in the General Ledger Cash Account and (2) the activity in the bank account must be reconciled to the General Ledger MCA. The department is responsible to clear the MCA timely.

The completed monthly bank reconciliations must be submitted to the appropriate central business office (Controller's Office for non-CUMC accounts and the CUMC Administration Office for CUMC accounts) for review within the required timeframe. For complete guidelines on proper bank reconciliation procedures and the submission timeline, please refer to the [Financial Reporting and Operations - Information](#) page on the Office of the Controller's section of the Finance Gateway.

### **Updating Bank Accounts**

Contact the Office of the Treasurer to update a University bank account. Complete and submit the attached Bank Account Request Form (Part II) in Appendix A. Written approval from the Office of the Treasurer is required for any changes to the stated purpose of the account.

The following information is required:

1. The business purpose for the update
2. Approval by the Senior Business Officer from the school/department

### **Closing Bank Accounts**

Contact the Office of the Treasurer to close a University bank account. Complete and submit the attached Bank Account Request Form (Part III) in Appendix A.

The following information is required:

1. The business purpose for the closure
2. Confirmation that the bank account has a \$0 balance
3. Confirmation that the ARC General Ledger cash account has a \$0 balance
4. Approval of the Senior Business Officer from the school/department

University bank accounts are also periodically reviewed by the Office of Treasurer, Office of the Controller, and CUMC Administration for compliance with University policies and purpose of the accounts.

Accounts that are in violation of University policies or no longer support the activity for which the account was established may have NY funding suspended or can be recommended for closure.

### **Contacts**

The Office of the Treasurer – Cash Management and Operations

<http://finance.columbia.edu/content/cash-management-operations>

The Office of the Controller – Financial Reporting & Operations

<http://finance.columbia.edu/content/financial-reporting-operations>

CUMC Administration Office

<http://www.cumc.columbia.edu/finance/controller.html>

### **Cross References to Related Policies**

Department Authorization Function (DAF) Policy

<http://policylibrary.columbia.edu/departmental-authorization-function>

### **Appendix A**

Bank Account Request Form

<http://finance.columbia.edu/content/bank-account-request>