

## Establishing and Maintaining Campus Bank Accounts and Petty Cash Funds

**Effective Date:** November 7, 2018

**Function:** Treasury

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### Basis for Procedure

This document describes how to establish and maintain campus bank accounts and petty cash funds. Campus bank accounts are established to support a sponsored program, and address specific needs associated with a particular project. Petty cash refers to all Imprest type accounts (including travel), used for general purposes and may or may not have separate bank accounts established.

### Procedure Summary

Campus bank or petty cash accounts are used to purchase goods and services when the standard payment process doesn't meet a payment need. These accounts may be used by operating locations:

- To purchase materials, supplies, and services.
- For salary advances for new employees or salary adjustments pending receipt of a regular paycheck from Central Office (CO).
- For specifically approved payments such as confidential payments to human subjects.
- For international project needs.

### Authority to Approve the Establishment of a Bank Account

The Treasurer of the Research Foundation (RF) has the authority to delegate the approval of bank accounts. The list of delegated individuals is maintained by CO Treasury with a yearly review for appropriateness. All requests for new campus bank accounts or changes to an existing account must be routed through CO Treasury for approval.

### How to Establish a Domestic Bank Account With Key Bank

The following process outlines steps for establishing an account with Key Bank:

- The Operations Manager (OM) or his/her delegate must submit a completed RF [Campus Bank Account Request/Change Form](#) to [RF Bank Account Requests](#). When completing this form, delegation of duties must be considered. (See *Controls Over Cash and Checks* section below.) The form should indicate the operating location wants to establish an account at Key Bank.
- Once CO Treasury approves the account, CO will create the signature card template with names of the requested authorized signers and forward to the Key Bank contact. Key Bank will electronically circulate the signature card to all the requested authorized signers to obtain electronic signatures.

Once all authorized signers have electronically signed, Key Bank will notify everyone when the account is established.

### **With Banks other than Key Bank**

The following process outlines steps for establishing an account with a bank other than Key Bank:

- The OM or his/her delegate must submit a completed RF [Campus Bank Account Request/Change Form](#) to [RF Bank Account Requests](#). When completing this form, delegation of duties must be considered. (See *Controls Over Cash and Checks* section below.)
- The operating location must send or email the banking institution signature card to CO Treasury to be signed by a Treasurer's delegate.)
- An OM may accept risk and responsibility for bank accounts opened with CO Treasury approval and without the signature of the Treasurer's delegate on the bank account signature card.
- Completed bank-issued depository account resolution form. The form should be signed by the same individuals as the signature cards. If this form is not available, the OM will be required to provide a letter accepting the risks associated with the account.
- The campus must notify CO Treasury of the new bank account number within five days after the establishment of the account.

### **Requirements**

- All bank accounts must be established in the name of The Research Foundation for The State University of New York but may include a department or project number in the account name. The bank account should have at least two signatories, one of whom must be an RF employee or project manager.
- The Treasurer's delegate must also be included as a signatory on all domestic bank accounts (unless the OM accepts the risk and responsibility without Treasurer's delegate signature). A Treasurer's delegate will sign the signature cards, and when required, a bank-issued deposit account resolution form. Signature cards will be notarized at RF Central Office when applicable.
- For all new bank accounts in which bank-issued deposit account resolution forms were not completed, the RF Attorney will also sign and seal the resolution form.
- Each operating location must establish written procedures for the administration of petty cash funds not maintained in a bank account (i.e., the petty cash lockbox).

### **How to Establish an International Bank Account**

Foreign country banking institution requirements are often different than those operating in the United States. Due to this, as well as other logistical issues, it may be necessary to alter the normal RF approval process. Before selection, a thorough review of the export controls information on the RF website should be completed to ensure compliance.

Several issues need to be considered when the establishment of a checking account in a foreign country is required:

- Governmental stability. Careful consideration should be given to account funding limits concerning this issue. How much is the OM willing to risk if funds are seized?
- An understanding of the foreign country's culture and way of doing business, as well as any legal issues which may impact how business is conducted, needs to be obtained.
- Foreign currency exchange rates.
- Logistics of the bank account reconciliation process for the foreign account as well as any United States based bank accounts associated with the award.
- Control considerations which need to be considered when foreign personnel service agreements are established with foreign nationals to handle bank account activities. Is there a need for additional controls if the project manager is not located in the foreign country?
- Sufficient documentation for processing international bank transactions, especially in third world countries.
- When or if power of attorney arrangements need to be established for banking relations.
- International bank credibility.
- Completed bank-issued depository account resolution form. The form should be signed by the same individuals as the signature cards. If this form is not available as is the case with some foreign banks, the OM will be required to provide a letter accepting the risks associated with the account.

Operating locations should enlist personnel with expertise in international matters when considering international bank accounts due to the complexity of banking in foreign countries.

### **Bank Fees and Interest Accruals**

All bank fees related to the account are the responsibility of the operating location. Bank fees may be paid from the sponsored program project, task, award (PTA) if allowed by the sponsor.

### **Tax Exempt Status**

Purchases of goods and services made with campus bank account and petty cash funds are exempt from New York State (NYS) sales tax. The RF reimburses sales tax when the supplier refuses to honor the RF tax exemption form.

### **How to Fund or Replenish the Account**

The account or petty cash fund must be funded before any disbursements from the account. Replenishment should occur periodically to maintain its prescribed level. Authorized individuals should fund/replenish the account for both out-of-pocket reimbursements and advance requests by producing an Accounts Payable payment (check, ACH, wire) from the appropriate account(s), made payable to the RF and deposited into the campus bank account. Please provide a request to Accounts Payable at least two days in advance of the need for the transfer.

## How to Change the Funding Level

To change the bank account funding level, submit a written request for approval to CO Treasury with a [Campus Bank Account Request/Change Form](#) to [RF Bank Account Requests](#).

## Account Reconciliation

On a monthly basis, the OM or delegate must ensure the bank account is reconciled and dated. The reconciliation must be performed by project personnel other than the project director (or whoever deposits funds and authorizes cash disbursements). On an annual basis, CO Treasury will request the operating location verify that bank account reconciliations have been performed and are on file. This information is used for the annual Research Foundation audit.

## Controls over Cash and Checks

The operating location's office responsible for purchasing and payments must maintain proper controls over cash, checks, and/or cards, including security controls (such as maintaining them in a locked safe), and management controls (such as timely reconciliation of account balances).

To ensure effective controls over the use of campus bank accounts and petty cash funds, specific duties for funds management should be distributed among various personnel, and their roles should be segregated and specifically documented. To properly segregate duties, cash/check funding, disbursement, and account reconciliation processes should be assigned to different personnel. The OM is ultimately responsible for campus bank accounts and petty cash funds management.

The OM or delegate in charge of the reconciliation process must investigate and resolve checks outstanding more than 120 days.

- Contact check payee by phone or letter to ask if a check needs to be reissued. Keep notes and/or records of evidence Due Diligence was performed.
- If no payee is listed, complete a schedule with details of check amounts and numbers along with a record of why Due Diligence could not be performed (i.e., no name in payee).

Bank account administrators must remit outstanding payments more than five years to [NYS Unclaimed Property](#) (or state of residency if the payee is known). Operating locations are responsible for advancing funds to their accounts and ensuring sponsor requirements comply, and internal controls are maintained.

Operating locations are responsible for notifying CO Treasury when signature authority needs to be changed on an existing bank account. For domestic bank accounts, send new [Campus Bank Account Request/Change Form](#) to CO Treasury to be approved by a Treasurer's delegate and returned to operating location for signatures. Once complete, signed form needs to be submitted to CO Treasury for notarization and submit to the bank. An approved listing is on file in the Finance Office.

## Closing an Account

The bank account administrator at the operating location must follow these guidelines when an account is no longer needed or when a project is terminated:

- Promptly close the account after reconciling and accounting for all outstanding checks.

- If checks are outstanding and Due Diligence is unsuccessful, cancel checks and submit to [NYS Unclaimed Property](#) (or state of payee's residency) via process listed [here](#).
- If checks do not identify a person/address (and there is not a log of check numbers written to a specific person/address), report the outstanding amount in a lump sum to NYS along with a check for the amount.
- Once all checks have cleared the bank or cancelled, return the final bank account cash balance to the award.

The account should not be used for another purpose other than the one approved in the original request. Any remaining checks or cards associated with the account should be destroyed. Upon closure of the account, submit a [Campus Bank Account Request/Change Form](#) along with a bank account reconciliation to CO Treasury to notify of account closure. A copy of the final bank statement, showing a zero balance must be sent with the form.

## **Responsibilities - Overview**

### **Operating Locations**

RF OMs are responsible for:

- Requesting campus bank accounts.
- Ensuring petty cash accounts for check and cash disbursements are established at their operating locations, if desired.
- Ensuring dollar limits and use limits are established after approval by CO Treasury.
- Ensuring bank accounts and petty cash funds are managed correctly with reconciliations and resolution made in a timely manner.

### **Central Office**

The CO Treasury is responsible for:

- Reviewing and approving bank account uses.
- Reviewing and approving bank account levels.
- Annually confirm with operating locations the bank account reconciliations.
- Review and approve requests for account funding level changes.
- Review requested bank account period with project dates to ensure accounts are promptly closed when no longer necessary.

## **Definitions**

*Imprest*– a fund used by a business for small items of expenditure and restored to a fixed amount periodically.

*Due Diligence*– reasonable steps taken to contact a check payee and inform him/her their property (check) will be turned over to the State unless they contact the RF.

## Related Information

[Bank Account Establishment Policy](#)

## Forms

[Campus Bank Account Request/Change Form](#)

## Change History

Date	Summary of Change
November 7, 2018	Updated procedure format, revised content in the reconciliation and closure areas. Links updated.
August 18, 2015	Updated bank account reconciliation form
July 5, 2005	New document

## Feedback

Was this document clear and easy to follow? Please send your feedback to [webfeedback@rfsuny.org](mailto:webfeedback@rfsuny.org).