



Bank Accounts

Policy Statement

The University opens bank accounts where needed to support operations. This policy establishes how Harvard University bank accounts are to be opened, maintained, reconciled and closed. Only designated Harvard employees within the Office of Treasury Management (OTM) are authorized to select banking partners for, approve, open, make changes to, and close all bank accounts controlled by Harvard University entities. Use of the Harvard name and/or Harvard University's tax identification number to open a bank account is strictly prohibited; OTM will immediately close any bank accounts opened outside the terms of this policy.

Bank accounts in this policy include but are not limited to accounts in the name of the President and Fellows (P&F) and accounts opened by subsidiaries established by the University to operate on its behalf.

All bank accounts controlled by Harvard University entities must be reconciled on a monthly basis, either by the tub or by OTM, as outlined below.

Reason for Policy

Harvard must comply with federal, state, and in some cases foreign regulations concerning the establishment and maintenance of bank accounts. Failure to comply with these regulations could result in penalties, fines, and reputational damage to the University.

This policy, which is in accordance with the Harvard University Corporation vote on banking, is necessary to promote compliance with the above regulations, to protect the University's financial assets, to manage the University's cash flow, to mitigate risk, and to provide proper oversight of University bank accounts.

Who Must Comply

All Harvard University schools, tubs, local units, Affiliate Institutions, Allied Institutions and University-wide Initiatives must comply. Student organizations that operate as separate entities with their own tax identification numbers are NOT permitted to open bank accounts under Harvard's tax identification number.

Procedures

- 1. Understand general process for opening, changing, closing and reconciling bank accounts.** Managing University bank accounts is a partnership between the local unit and the Cash Management Office (CMO). The procedures below describe the process at a high level; see Appendix A for the detailed steps required of each respective office.
- 2. Identify need for a bank account.** The University has existing bank accounts inside and outside the United States for the purposes of holding and distributing University funds. These existing accounts will satisfy the bank account needs of almost all Harvard local units, even units with offices located outside the United States. However, in limited circumstances, the Cash Management Office (CMO) will authorize and open new accounts when needed by a local unit to conduct University business.



3. Plan lead time for account set up.

- A. Tub financial deans' offices or equivalent are advised to notify the CMO as soon as possible after identifying the need for a new bank account.
- B. CMO can open most bank accounts located inside the United States within two to six weeks of notification, depending on various factors.
- C. CMO can open most bank accounts outside the United States within six weeks. However, depending on the country in which the account is located and other factors, opening an account may take three to six months or longer, due to country-specific requirements e.g., the need to establish a legal entity.

4. Contact your tub financial dean's office.

Any department that needs to have a bank account opened, closed, or changed in any way must contact its tub financial dean's office or equivalent before taking action. For new accounts, the local unit must complete the [Bank Account Request Form](#). The related tub's financial dean's office or equivalent must approve each request and forward it to the CMO on the department's behalf.

5. Submit all requests to the CMO via your tub's financial dean's office.

For any request related to a bank account inside or outside the United States, including a maintenance request such as a change to an account signatory or to a statement address, the relevant tub financial dean's office or equivalent must contact the Cash Management Office.

6. Inform all signatories on foreign accounts of potential FBAR obligations.

- A. University employees who have signature authority over University foreign bank accounts may be required by the IRS to file a personal Report of Foreign Bank and Financial Accounts (FBAR).
- B. Tub finance offices are responsible for informing signatories on foreign bank accounts about FBAR obligations.
- C. Detailed information on FBAR requirements, and contact information in the event of FBAR-related questions from finance offices or employees, can be found in the FBAR Information document in Appendix B.

7. Reconcile all University bank accounts monthly.

- A. Domestic bank accounts, including credit card merchant accounts, are generally reconciled by the CMO and reviewed by the local unit to research and resolve un-reconciled transactions. However, the CMO may recommend a different reconciliation protocol depending on the nature of the account.
- B. Foreign bank accounts are generally reconciled by the tub and reviewed by the CMO.

Responsibilities and Contacts

Financial deans or equivalent tub financial officers are responsible for communicating this policy to local units and for ensuring that local units abide by this policy.

Cash Management Office (CMO) is responsible for maintaining this policy. The CMO is also responsible for managing all Harvard University bank accounts, banking partners, and developing standard controls and procedures for University bank accounts. **Contact:** http://vpf-web.harvard.edu/otm/home/hom_contact.shtml

Tax Reporting is responsible for providing information to Harvard employees with FBAR obligations. **Contact:** (617) 495-7792



Definitions

Changes to bank accounts: Changes include but are not limited to address changes, signatory updates, and changes to services.

University bank accounts: include but are not limited to accounts in the name of the President and Fellows (P&F) and accounts opened by subsidiaries established by the University to operate on its behalf such as Limited Liability Companies (LLC) and Wholly Foreign Owned Entities (WFOE). Other examples of accounts covered by this policy include branch accounts used to conduct University business and merchant accounts used to accept credit card payments made to the University.

Related Resources

Office of Treasury Management (OTM), http://vpf-web.harvard.edu/otm/home/hom_contact.shtml

New Bank Account Request Form: <http://vpf-web.harvard.edu/otm/protected/UniversityBankAccountForm.pdf>

Bank Account Reconciliation Template: <http://vpf-web.harvard.edu/otm/protected/BankAccountReconTemplate.xls>

Bank Account Reconciliation Procedures: <http://vpf-web.harvard.edu/otm/protected/BankAccountReconciliationTemplateProcedures.pdf>

International Programs Planning
Guide: http://www.globalsupport.harvard.edu/global_ops_tools/international_programs_planning.shtml

Revenue Recognition: http://vpf-web.harvard.edu/ofs/policies/documents/reven_recog.pdf

Expense Recognition: http://vpf-web.harvard.edu/ofs/policies/documents/expen_recog.pdf

Revision History

6/1/2013: updated format and added appendices.

Appendices

Appendix A: Detailed Procedures for Opening, Maintaining, Reconciling and Closing University Bank Accounts

Appendix B: FBAR Information Document

Appendix A:

Detailed Procedures for Opening, Maintaining, Reconciling and Closing University Bank Accounts

Action	DOMESTIC		INTERNATIONAL	
	Tub Responsibility	Cash Management Office (CMO) Responsibility	Tub Responsibility	Cash Management Office (CMO) Responsibility
Open Bank Account	<ul style="list-style-type: none"> Financial dean’s office must review and approve New Bank Account Request form submitted by department; forward to CMO Upon request by CMO, supply any addition necessary documentation or information 	<ul style="list-style-type: none"> Open account, in accordance with University policy and procedures Notify financial dean’s office or equivalent when account opened 	<ul style="list-style-type: none"> Complete steps and get approvals outlined in International Programs Planning Guide Financial dean’s office must review and approve New Bank Account Request form submitted by department; forward to CMO Upon request by CMO supply any addition necessary documentation or information Notify University employees who have signature authority over account that they may have an FBAR filing requirement (see Appendix B) 	<ul style="list-style-type: none"> Ensure that all portions of the New Bank Account Request form have been completed in accordance with form instructions Contact banking partner and gather country requirements for opening a new account Contact tub financial dean’s office or equivalent to gather information necessary to complete any required country-specific documentation Execute request, as appropriate

Action	DOMESTIC		INTERNATIONAL	
	Tub Responsibility	Cash Management Office (CMO) Responsibility	Tub Responsibility	Cash Management Office (CMO) Responsibility
Reconcile Bank Account	<ul style="list-style-type: none"> • Ensure income and expense activity is posted timely and in accordance with University Expense and Revenue Recognition policies • Research and resolve all unreconciled items within 3 months of transaction date • Immediately notify the CMO if account misuse or fraudulent activity is suspected 	<ul style="list-style-type: none"> • Reconcile bank account monthly and send a copy of the reconciliation listing all unreconciled transactions to the responsible person in the local unit • Work with the local unit to resolve any outstanding items that are a direct result of a bank processing or posting error • Monthly, post to each local unit's default coding all transactions 90 days or older unposted by unit. • Work with bank and local unit to investigate suspected fraud or account misuse; report actual fraud to appropriate internal and external authorities; take action to safeguard University funds, including closing account if necessary 	<ul style="list-style-type: none"> • Reconcile bank account statement to Harvard's general ledger on a monthly basis using established procedures • Send signed and dated copies of monthly bank account reconciliations and appropriate back up documentation to the Cash Management Office; reconciliations may be: <ul style="list-style-type: none"> ○ Signed and sent by mail ○ Signed electronically (in Adobe Pro) and sent by email ○ Signed by hand, scanned and sent by email • Ensure the timely posting of income and expense activity in accordance with University expense and revenue recognition policies 	<ul style="list-style-type: none"> • Review monthly reconciliations submitted by local units • Work with a tub financial dean's office to correct any procedural or bank-related errors, and take appropriate steps (which may include account closure) due to fraud, account misuse, or non-compliance with this or other related policies

Action	DOMESTIC		INTERNATIONAL	
	Tub Responsibility	Cash Management Office (CMO) Responsibility	Tub Responsibility	Cash Management Office (CMO) Responsibility
Maintain Bank Account	<ul style="list-style-type: none"> Submit written requests for changes authorized by the tub financial dean or equivalent to the attention of the CMO Immediately notify the CMO if account misuse or fraudulent activity is suspected 	<ul style="list-style-type: none"> Make any changes (signatory, address, etc.) to the bank account upon request from the local unit as appropriate and in accordance with policy guidelines 	<ul style="list-style-type: none"> Assign local bank account signature authorization with the approval of the CMO; do not permit delegation or reassignment of signature authorization by the local authorized signer(s), in particular to non-employees; any exception requires the written approval of the tub financial dean and the CMO Submit written requests for changes authorized by the tub financial dean or equivalent to the attention of the CMO Immediately notify the CMO if account misuse or fraudulent activity is suspected 	<ul style="list-style-type: none"> Make any changes (signatory, address, etc.) to the bank account upon request from the local unit as appropriate and in accordance with policy guidelines Work with bank and local unit to investigate suspected fraud or account misuse; report actual fraud to appropriate internal and external authorities; take action to safeguard University funds, including closing account if necessary
Close Bank Account	<ul style="list-style-type: none"> Submit written request authorized by the financial dean or equivalent to the CMO 	<ul style="list-style-type: none"> Close bank account indicated by tub financial dean's office or equivalent Notify tub financial dean's office or equivalent of account closure 	<ul style="list-style-type: none"> Submit written request authorized by the financial dean or equivalent to the CMO If the CMO provides a letter authorizing account closure, the tub financial dean's office or equivalent must provide evidence and confirmation to the CMO that the related account has been closed. 	<ul style="list-style-type: none"> Close bank account indicated by tub financial dean's office or equivalent Notify tub financial dean's office or equivalent of account closure

Bank Accounts Policy Appendix B: FBAR Information

1. **Who should read this?** This document is intended for use by tub finance offices and other Harvard employees who are involved in the managing of one or more Harvard-controlled foreign bank accounts and who need basic information about requirements related to Treasury Form TD F 90-22.1, Report of Foreign Bank and Financial Accounts, commonly referred to as FBAR.
2. **What is FBAR?** A report (available at <http://www.treas.gov/press/releases/reports/fbar.pdf>) to be filed by June 30th each year with the U.S. Department of the Treasury stating that the person filing has a financial interest in, or signature authority over, financial accounts in a foreign country with an aggregate value exceeding \$10,000 at any time during the calendar year.
3. **Who must file an FBAR report?*** You are generally required to file an FBAR report if you have signatory authority over a Harvard-controlled bank account in a foreign country **and**
 - You file a Form 1040 or other annual tax return with the IRS **or**
 - You are U.S. citizen, permanent resident, or resident alien for U.S. tax purposes.
4. **What should I do if I think I must file an FBAR report?** If you're not already sure that you are listed as a signatory on a Harvard-controlled bank account, contact Harvard's Office of Treasury Management (OTM), at 617-496-4873, to confirm. Once you are on this list of signatories, you will be contacted by Harvard's Office of the Controller (OC) early in the calendar year. The OC will assist you in filing your FBAR report and also give you specific instructions on disclosing the information on your IRS Form 1040, if you file one (a copy of these instructions is attached).
5. **Does the Office of the Controller give advice to employees on individual tax matters?** No, the University's Office of the Controller does not offer individual tax advice. The FBAR requirement and related Form1040 requirement outlined in this document are in fact individual tax matters and not the responsibility of the University. However, as a courtesy, the Office of the Controller will assist those employees who have undertaken University foreign bank-account signatory responsibilities in fulfilling their individual FBAR filing requirements.
6. **Where can I find official information about FBAR?** A copy of the Report of Foreign Bank and Financial Accounts (FBAR) form, also called Treasury Form TD F 90-22.1, is available online from the IRS, at <http://www.irs.gov/pub/irs-pdf/f90221.pdf>. A copy of the relevant section of the Code of Federal Regulations (31 CFR 103.24) can be found at <http://www.sec.gov/about/offices/ocie/aml2007/31cfr103.24.pdf>
7. **What if I have additional FBAR-related questions?** Please contact Amy Esposito, Associate Director of Tax Reporting in the University's Office of the Controller at amy_esposito@harvard.edu or (617) 495-7792.

* Official requirements concerning who must file an FBAR have been interpreted for the definition presented in this memo for simplicity. The official definition of a U.S. person can be found in the General Instructions section of the FBAR form.

Instructions for Reporting Foreign Account Information and Form TD F 90-22.1

Please note that the University Tax Reporting Office cannot provide individual tax advice. We make employees aware of this personal filing obligation arising from their University responsibilities as a courtesy. Please consult your personal tax advisor for guidance on your individual situation, particularly with respect to prior year filings.

Your responsibilities with regard to certain foreign bank accounts and /or Harvard affiliates have created an additional disclosure requirement for you on your personal US income tax return. This obligation is arising either because you have authorizations related to foreign bank accounts or other foreign accounts or have certain powers stemming from your role as an officer or director.

You will need to include the information below on Schedule B of your Form 1040, U.S. Individual Income Tax Return. You may have additional information from sources other than Harvard that you will want to consider as well. If you do not file a Form 1040, please contact us as instructed below.

In the coming months, we will distribute to you Treasury Form TD F 90-22.1, Report of Foreign Bank and Financial Accounts which you are required to separately file before June 30 of this calendar year. The relevant information about Harvard accounts will be completed for you and the form will be accompanied by filing instructions.

Please contact Amy Esposito in the Controller's Office (amy_esposito@harvard.edu or (617) 495-7792) with questions or if you need additional information.

Form 1040, U.S. Individual Income Tax Return Schedule B, Interest and Ordinary Dividends

Part III. Foreign Accounts and Trusts

Line 7a: Check "Yes"

Line 7b: Insert the name of the non-U.S. country (or countries) in which there was a Harvard University bank account for which you acted as signatory in the prior calendar year.*

***Important Note:** If you have foreign accounts of your own (i.e., non-Harvard University foreign bank accounts), you will need to incorporate that information with your other disclosures.