



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 of Harvard College (P&F) and accounts opened by subsidiaries established by the University to operate on its behalf. Branch accounts to conduct University business and merchant accounts used to accept credit card payments are also included in this policy.

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.

If direction differs between this policy and external regulations, sponsor or donor terms, or other internal policy or procedures, the more restrictive instruction will apply.

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, entities, 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

- A. 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.
- B. 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 CMO will authorize and open new accounts when needed by a local unit to conduct University business.



C. Plan lead time for account set up.

1. 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.
2. The CMO can open most bank accounts located inside the United States within two to six weeks of notification, depending on various factors.
3. The 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). Contact [Global Support Services](#) for additional guidance.

D. **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.

E. **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 CMO.

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

1. 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).
2. Tub finance offices are responsible for informing signatories on foreign bank accounts about FBAR obligations.
3. 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](#).

G. Reconcile all University bank accounts monthly.

1. 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.
2. 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.

Office of Treasury Management (OTM) Cash Management Office (CMO) is responsible for maintaining this policy. The OTM 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 Services is responsible for providing information to Harvard employees with FBAR obligations. **Contact:** (617) 495-7792 or tax_reporting@harvard.edu.

Definitions

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



Harvard University Financial Policy

Responsible Office: Office of Treasury Management

Date First Effective: 09/05/2001

Policy Revision Date: 10/01/2017.01M

<http://policies.fad.harvard.edu/>

Merchant account: A type of business bank account that allows a business to accept and process debit and credit card transaction.

University bank accounts: include but are not limited to accounts in the name of the President and Fellows of Harvard College (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

[Bank Account Reconciliation Procedures](#)

[Bank Account Reconciliation Template](#)

[Cash Management - Key Controls](#)

[Expense Recognition](#)

[Global Support Services \(GSS\)](#)

[International Bank Reconciliations Cover Sheet](#)

[International Programs Planning Guide](#)

[New Bank Account Request Form](#)

[Office of Treasury Management \(OTM\)](#)

[Revenue Recognition](#)

Revision History

10/01/2017.01M-corrections to contact names and links.

10/01/2017 – updated policy to include business and merchant accounts, minor updates to Appendix A, updates to Appendix B regarding new tax filing forms and deadlines.

06/01/2013: 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 and Credit Merchant Accounts

Action	DOMESTIC		INTERNATIONAL	
	Tub/Unit Responsibility	Cash Management Office (CMO) Responsibility	Tub/Unit 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 Tub/unit submits completed New Bank Account Request form to financial dean’s office for approval. 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/Unit Responsibility	Cash Management Office (CMO) Responsibility	Tub/Unit 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. See Bank Account Reconciliation Procedures 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. See Bank Account Reconciliation Template Procedures and Bank Account Reconciliation Template. Work with the local tub/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/tub 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 Bank Account Reconciliation Template Procedures. Send signed and dated copies of International Bank Reconciliation coversheet, monthly bank account reconciliations and appropriate back up documentation to the CMO; reconciliations should be: Signed electronically (in Adobe Pro) and sent by email Ensure the timely posting of income and expense activity in accordance with University expense and revenue recognition policies Ensures FBARs are submitted annually. See Appendix B 	<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/Unit Responsibility	Cash Management Office (CMO) Responsibility	Tub/Unit 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/tub 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 officially closed and the last bank reconciliation shows both the bank and the General Ledger have a zero balance. 	<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



Appendix B: FBAR Information

Who should read this? This document is intended for use by Tub Finance Offices and other Harvard employees who are involved in the management of one or more Harvard-controlled foreign bank account(s) and who need basic information about filing requirements related to [FinCEN Form 114](#), Report of Foreign Bank and Financial Accounts (FBAR).

What is FBAR? FBAR is used to report a financial interest in or signature authority over a foreign account. FBAR has a filing date of April 15; however, if an individual does not file by April 15 an automatic six-month extension is given until October 15. The FBAR is electronically filed with the U.S. Department of the Treasury and states 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.

Who must file an FBAR report?* You are generally required to file an FBAR report if you have signatory authority over a Harvard-controlled foreign bank account **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.

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 foreign bank account, contact Harvard's [Office of Treasury Management](#) (OTM) at 617-496-0300. OTM oversees the signatory list for foreign bank accounts. In conjunction with OTM, the [Office of the Controller](#) (OC) will reach out to signatories between May and July with detailed guidance on filing the FinCEN Form 114 for the previous calendar year.

Does the OC give advice to employees on individual tax matters? No, the OC does not offer individual tax advice. The Form 1040 and FBAR requirements outlined in this document are in fact individual tax matters and not the responsibility of the University. However, as a courtesy, between May and July, the OC sends signatories detailed instructions and guidance on filing the FinCEN Form for the previous calendar year. See [Tax Reporting Responsibilities](#) for additional information.

Where can I find official information about FBAR? [Filing information may be found at FBAR Information.](#)

What if I have additional FBAR related questions? Please contact Tax Services in the University's Office of the Controller at tax_reporting@harvard.edu or (617) 998-1794.

*Official requirements concerning who must file an FBAR have been interpreted for simplicity for the definitions presented in this memo. The official definitions can be found in the [General Instructions](#) section of the FBAR form.



Tax Reporting Responsibilities for Signatories of Harvard Foreign Bank Accounts

Please note that the University Tax Reporting Office cannot provide individual tax advice. As a courtesy, we make employees aware of this personal filing obligation arising from their University responsibilities. 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 have created an additional disclosure requirement for you on your personal US income tax return. This obligation is arising because you have authorizations related to Harvard foreign bank accounts or other Harvard foreign accounts.

Deadlines:

Signatories for Harvard foreign bank accounts must submit information on two different tax forms.

- Schedule B must be submitted with your personal tax form (1040) normally due on April 15.
FinCEN Form 114 (FBAR) normally due on April 15 but automatically extended to October 15.

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

Due Date: Normally due April 15, but dates may change if day falls on a weekend or individual files for an extension.

You will need to include the information below on Schedule B. If you do not file a Form 1040, please contact Tax Services.

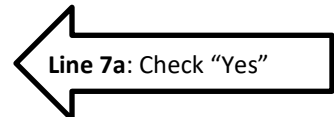
Part III. Foreign Accounts and Trusts

Line 7a: Check "Yes"

Line 7b: Enter the name of the foreign country(ies) in which there was a Harvard University bank account for which you acted as signatory in the calendar year being reported. 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.

Example:

Table with 3 columns: Question (7a, 7b, 8), Yes, No. Row 7a: At any time during 2016, did you have a financial interest in or signature authority over a financial account... Row 7b: If "Yes," are you required to file FinCEN Form 114... Row 8: During 2016, did you receive a distribution from, or were you the grantor of, or transferor to, a foreign trust?



Line 7b: Enter the name of the foreign country(ies) in which there was a Harvard University bank account for which you acted as signatory in the calendar year being reported. 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.

FinCEN Form 114

Due Date: April 15 with an automatic extension to October 15

Between May and July, the Office of the Controller will distribute, for the previous calendar year being reported, guidance and a prepopulated FinCEN Form 114, Report of Foreign Bank and Financial Accounts (FBAR) for which you are required to separately file. The relevant information about Harvard foreign bank accounts will be completed for you and the form will be accompanied by filing instructions.

Please contact Tax Services tax_reporting@harvard.edu or (617) 998-1794 with any questions or if you need additional information.