



Establishing and Maintaining Accounts at Banks and Financial Institutions

POLICY STATEMENT

Cornell University's central administration establishes all university accounts with banks and other financial institutions using university funds. In the unlikely event that a unit must ask the university to establish and maintain a separate account, the university requires the unit to institute appropriate controls for maintaining the account.

◆Notes:

- Weill Cornell Medicine (WCM) does not permit its units to establish their own bank accounts. All WCM bank accounts are controlled centrally by the WCM Finance Department. The treasury accountant prepares monthly bank reconciliations, which are reviewed and approved by the associate and assistant controllers.
- External organization accounts are covered under University Policy 3.16, External Organization Accounts.

REASON FOR POLICY

The university must institute consistent financial controls for establishing and maintaining all bank accounts to enable appropriate stewardship of its assets, cost-effective business practices, and accurate financial reporting.

ENTITIES AFFECTED BY THIS POLICY

- All units of the university

WHO SHOULD READ THIS POLICY

- All individuals with responsibility, authority, and stewardship over the university's financial assets

WEB ADDRESS FOR THIS POLICY

- This policy: www.dfa.cornell.edu/policy/policies/establishing-and-maintaining-accounts-banks-and-financial-institutions
- University Policy Office: www.policy.cornell.edu

POLICY 3.23

Establishing and Maintaining Accounts at Banks and Financial Institutions

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RELATED RESOURCES

University Policies and Documents

[University Policy 3.6, Financial Irregularities, Reporting and Investigation](#)

[University Policy 3.14, Business Expenses](#)

[University Policy 3.16, External Organization Accounts](#)

[University Policy 3.22, Safekeeping of Financial Assets, Including Cash, Checks, and Securities](#)

[University Policy 4.2, Transaction Authority and Payment Approval](#)

[University Policy 4.6, Standards of Ethical Conduct](#)

[University Policy 4.7, Retention of University Records](#)

[Standard Operating Procedures for KFS e-docs](#)

External Documentation

[Legislation of the Office of Foreign Assets Control \("OFAC"\) of the U.S. Department of the Treasury](#)

University Forms and Systems

[Bank Reconciliation Form](#)

[KFS Account e-doc](#)

[Request to Establish a New Bank Account](#)

[Request to Close a Bank Account](#)

[Request to Change an Authorized Check Signer or Signing Limits](#)

[Request to Change Unit Contact or Bank Account Reconciler](#)

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CONTACTS

Direct any general questions about this policy to your college or unit's administrative office. Direct questions about specific issues to the following offices.

Subject	Contact	Telephone	E-mail/Web Address
Policy Clarification and Interpretation	Office of the Treasurer, Cash Management	(607) 254-1590	cashmanagement@cornell.edu www.dfa.cornell.edu/treasurer
Reconciliation of Bank Accounts	University Accounting	(607) 255-9664	accounting@cornell.edu
Requests to Establish, Close, and/or Change Authorized Check Signers or Signing Limits on Bank Accounts	Office of the Treasurer, Cash Management	(607) 254-1590	cashmanagement@cornell.edu www.dfa.cornell.edu/treasurer
Segregation of Duties	Executive Vice President and Chief Financial Officer (EVP-CFO)	(607) 255-4242	executivevp@cornell.edu
Suspicion of Monetary Misuse, Fraud, or Misappropriation of Funds	University Audit or Cornell University Hotline	(607) 255-9300 (866) 293-3077 (Toll- Free)	audit@cornell.edu hotline.cornell.edu

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DEFINITIONS

These definitions apply to terms as they are used in this policy.

Authorized Check Signer	Individual designated with authority to sign checks within specific dollar limits. This individual must not be responsible for general ledger entries, or be a bank account reconciler, a payment approver, or a custodian of blank or voided checks.
Bank Account	Fund established by central university administration with a bank or financial institution using university funds. Two types of bank accounts exist at Cornell: those that are established and maintained by central administration; and those that are established by central administration, but maintained by units.
Bank Account Reconciler	Individual designated to retain voided checks and supporting documentation for payments made from a bank account, review transactions and bank fees, void stale checks, account for voided checks, and perform reconciliations for bank accounts. This individual must not be responsible for initiating general ledger entries on the bank accounts they are responsible for reconciling, or be a payment approver, a check signer, or a custodian of blank checks. This individual may not approve general ledger entries on the bank account(s) they are responsible for reconciling.
Bank Account Reconciliation	Process of confirming that the bank statement is valid and accurate, that transactions are reflected properly in the general ledger account, and that the ending balance on the general ledger account is accurate. Any differences should be identified, reconciling items investigated, and balances adjusted appropriately.
Individual Responsible for General Ledger Entry	Individual who records all bank fees paid on and payments made from bank accounts to the general ledger having received appropriate supporting documentation from the check signer and reviewed the transaction for appropriateness. This individual must not be a bank account reconciler, a payment approver, a check signer, or a custodian of blank or voided checks.
Payment Approver	Individual designated to approve payments to be drawn from bank accounts. This individual must not be responsible for general ledger entries, or be a bank account reconciler, a check signer, or a custodian of blank or voided checks.
Segregation of Duties	Process of safeguarding assets by assigning the authorizing, recording, and reconciling of transactions to different individuals.
Unit Business Administrator	Individual, such as a director or manager, with direct responsibility for the financial activities of a unit.
Unit Head	Individual, such as a provost, vice president, or dean, with ultimate responsibility for the financial activities of a unit.

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RESPONSIBILITIES

◆**Note:** All members of the university community must report immediately to the University Audit office any suspected fraud, misuse, or misappropriation of funds.

Authorized Check Signer	<p>Know and abide by check-signing limits for bank accounts.</p> <p>Receive payments to be made from the bank account from the payment approver, accompanied by supporting documentation.</p> <p>Before disbursing funds from a bank account, verify that payments have been approved appropriately and were not paid previously.</p> <p>After disbursing funds from a bank account, submit supporting documentation to the individual responsible for general ledger entries.</p>
Bank Account Reconciler	<p>Retain voided checks and supporting documentation for payments made from a bank account.</p> <p>Review transactions and bank fees, void stale checks, account for voided checks, and perform reconciliations for bank accounts and submit completed reconciliations to the unit business administrator for approval.</p> <p>Submit approved reconciliations to the Bank Accounting department of the Division of Financial Affairs (DFA Bank Accounting) regularly (for domestic bank accounts, 30 days following the last business day of the month; for international accounts, 45 days).</p> <p>Within 30 days of the month-end closing following the closure of a bank account, submit final bank reconciliations to DFA Bank Accounting.</p> <p>If the deadline for submitting final bank account reconciliations cannot be met, submit a written explanation to DFA Bank Accounting, indicating the anticipated completion date.</p>
Bank Accounting Department of the Division of Financial Affairs (DFA)	<p>Establish general ledger accounts for approved bank accounts on behalf of a unit.</p> <p>Advise units on procedures for bank account reconciliations.</p> <p>Monthly, reconcile bank accounts established and maintained by central administration, and submit completed reconciliations to the head of University Accounting in the Division of Financial Affairs.</p> <p>Review and approve reconciliations for bank accounts maintained by units.</p> <p>Submit required forms for all international bank accounts to the Internal Revenue Service.</p> <p>Recommend to the Office of the Treasurer the closure of bank accounts for which reconciliations are not received as required by this policy.</p>
Business Service Center	<p>Consult with the unit head or unit business administrator to determine whether a valid business need exists to establish a new bank account for the unit.</p>
Executive Vice President and Chief Financial Officer (EVP-CFO)	<p>Review requests to establish or close bank accounts, or to change authorized check signers or check-signing limits on accounts, and approve such requests upon the advice of the Office of the Treasurer.</p> <p>Instruct the relevant bank to establish or close a bank account, or to change an authorized check signer or check-signing limits on a bank account.</p>

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RESPONSIBILITIES, CONTINUED

Individual Responsible for General Ledger Entry	Review for appropriateness supporting documentation for payments. Record to the general ledger all bank fees paid on and payments made from bank accounts.
Office of the Treasurer	<p>Advise units on alternatives to establishing bank accounts.</p> <p>Review requests to establish bank accounts, considering the validity of the business need, the requested check-signing limits, the appropriateness of funding, and the types of payments the unit will make, and recommend to the executive vice president and chief financial officer (EVP-CFO) accordingly.</p> <p>Work with the unit to determine an appropriate bank for approved unit bank accounts.</p> <p>Coordinate with the chosen bank all activities necessary to establish, close, or change information on bank accounts, and retain all documentation regarding these actions.</p> <p>Review requests to change authorized check signers or check-signing limits on bank accounts, and recommend to the EVP-CFO accordingly.</p> <p>Review requests to close bank accounts, considering the reason provided by the unit for the closing, and recommend to the EVP-CFO accordingly.</p> <p>When bank accounts are closed, make the appropriate general ledger entry to return the remaining funds to the general ledger account that originally funded the bank account, if appropriate.</p> <p>Conduct an annual confirmation of all bank accounts, and require units to verify in writing that: information on file for each account is correct; written procedures exist for maintaining the account; the list of individuals assigned to the functions of payment approver, authorized check signer, general ledger entry, and bank account reconciler is correct; and the need for the account still exists.</p>
Payment Approver	<p>Know and abide by payment amount approval limits.</p> <p>Review all payments to be made from bank accounts, considering whether the expense has been paid previously, is valid according to University Policy 3.14, Business Expenses, and whether the expense is properly documented and coded, and falls within the established check-signing limits, and approve accordingly.</p>
Unit Business Administrator	<p>In consultation with the unit business service center, the unit head, and the Office of the Treasurer, determine whether a valid business need exists to establish a new bank account for the unit.</p> <p>Submit the request to establish a bank account to the Office of the Treasurer, accompanied by written procedures for maintaining the account.</p> <p>For newly established bank accounts, submit requests to establish a general ledger account to DFA Bank Accounting.</p> <p>Establish appropriate controls for maintaining unit bank accounts, namely designating personnel authorized to maintain accounts, segregating the duties of check signer, payment approver, bank reconciler, and general ledger entry, restricting access to account information and blank checks, and documenting these procedures.</p> <p>Submit to the bank account reconciler signed and witnessed documentation of the destruction of any checks (e.g., damaged checks, unused checks from a closed account, etc.).</p>

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RESPONSIBILITIES, CONTINUED

Review monthly bank account reconciliations and approve, as appropriate, prior to sending to DFA Bank Accounting.

Submit requests to the Office of the Treasurer to change an authorized check signer or signing limits.

Notify the Office of the Treasurer immediately of any other change of information on bank accounts, such as to the check signer or bank account reconciler.

Submit requests to close bank accounts to the Office of the Treasurer.

Review written procedures regularly to verify that roles and responsibilities align with the unit's practices.

Upon request by the Office of the Treasurer, verify in writing that: information on file for each account is correct; written procedures are up to date for maintaining the account; the list of individuals assigned to the functions of payment approver, authorized check signer, general ledger entry, and bank account reconciler is correct; and the need for the account still exists.

Unit Head or Designee

Communicate the provisions of this policy to all relevant staff.

Consult with the unit business administrator, the local business service center, and the Office of the Treasurer, as needed, to determine the validity of the business need for a bank account.

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PRINCIPLES

Overview

Cornell University's central administration establishes all university accounts with banks and other financial institutions using university funds. Only Cornell funds may be used to establish these accounts, and any account established with these funds must be owned by the university. Bank accounts comprise all domestic, international, subsidiary, and Weill Cornell Medicine (WCM) bank accounts (see note 1 below).

In the unlikely event that a unit must, for a unique business need, request to establish and maintain a unit bank account, the university expects such a unit to institute the appropriate controls for maintaining the account.

◆Notes:

1. WCM does not permit its units to establish their own bank accounts.
2. When sending money internationally, units must follow the legislation of the [Office of Foreign Assets Control \(OFAC\)](#) of the U.S. Department of the Treasury.

Establishing Bank Accounts

All requests to establish bank accounts must be approved by the executive vice president and chief financial officer (EVP-CFO). In special circumstances, units may submit a request for a new bank account to the Office of the Treasurer, accompanied by written procedures for maintaining these accounts appropriately. The Office of the Treasurer will review the request, and recommend to the EVP-CFO, accordingly.

Unit representatives must consult with the unit head, the local business service center, and the Office of the Treasurer, to determine whether a valid business need exists to establish a bank account for the unit.

Maintaining Bank Accounts

Units that have a unit bank account must establish appropriate controls for maintaining the account, namely, designating personnel authorized to maintain the account, segregating the duties of check signer, payment approver, bank reconciler, and general ledger entry initiator on bank accounts reconciled, restricting access to account information and blank checks, and documenting these procedures. Units must also respond to all requests from the Office of the Treasurer concerning these accounts.

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PROCEDURES

Establishing Bank Accounts

To establish bank accounts, units must complete a “Request to Establish a New Bank Account” form (see “Related Resources”), and submit it to the Office of the Treasurer, accompanied by written procedures for maintaining the account.

The Office of the Treasurer will review the request, considering the validity of the business need, the requested check-signing limits, the appropriateness of the account’s proposed funding and the unit’s written procedures, and the types of payments the unit will make, and recommend to the executive vice president and chief financial officer (EVP-CFO) accordingly.

If the request is approved, the Office of the Treasurer will work with the unit to determine a bank, work directly with the chosen bank to establish the bank account, and retain all documentation regarding these actions. All approved bank accounts must bear the name “Cornell University,” and, where applicable, the name of the subsidiary, or in the case of the medical college, “Weill Cornell Medical College,” as well as the Cornell or subsidiary tax identification number.

Once the bank account has been established, the Office of the Treasurer will notify the unit, which must request the establishment of a general ledger account using the Account e-doc in the Quali Financial System (KFS) (see “Related Resources”). The Office of the Treasurer will also send a copy of the approved request to establish a new bank account to the Bank Accounting department in University Accounting of the Division of Financial Affairs (DFA Bank Accounting).

DFA Bank Accounting will establish a general ledger account, and notify the unit. In the case of established, international bank accounts, DFA Bank Accounting will submit the required forms to the Internal Revenue Service.

◆**Note:** Program income and funds received for sponsored activity must be deposited into a central university bank account. Before depositing sponsored funds, recipients should consult with the Office of the Treasurer.

Changing Information on Bank Accounts

To change an authorized check signer or check-signing limits on a bank account, the unit must complete a “Request to Change an Authorized Check Signer or Signing Limits” form (see “Related Resources”), and submit it to the Office of the Treasurer, which will recommend to the EVP-CFO accordingly.

If the EVP-CFO approves, he or she will instruct the bank to make the requested change. The Office of the Treasurer will send to the bank all completed documentation for the requested change, including new signature cards. When the Office of the Treasurer receives confirmation from the bank that the change has been

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PROCEDURES, CONTINUED

made, the office will notify the unit.

Also, units must notify the Office of the Treasurer immediately of any other change of information on bank accounts, such as to the payment approver or the bank account reconciler.

Maintaining Bank Accounts

Units that have a unit bank account must establish appropriate controls for maintaining the accounts, namely, designating personnel authorized to maintain the account, segregating the duties of check signer, payment approver, bank account reconciler, and general ledger entry, restricting access to account information and blank checks, and documenting these procedures. Units also must respond to all requests from the Office of the Treasurer concerning the account.

The unit head must designate appropriate personnel to serve as payment approvers, authorized check signers, individuals responsible for general ledger entries, and bank account reconcilers. Duties of these individuals must be segregated as follows:

- A payment approver must review all payments to be made from bank accounts, considering whether the expense has been paid previously, is valid according to University Policy 3.14, Business Expenses, and whether the expense is properly documented and coded and falls within the established check-signing limits, and approve accordingly. This individual must not be responsible for general ledger entries, or be a bank account reconciler, a check signer, or a custodian of blank or voided checks.
- An authorized check signer must receive payments to be made from the payment approver, accompanied by supporting documentation. Before disbursing funds from bank accounts, the signer must verify that payments have been approved appropriately and were not paid previously. After completing the transaction, this individual must submit supporting documentation for the transaction to the individual responsible for general ledger entries. The authorized check signer must not be responsible for general ledger entries, or be a bank account reconciler, a payment approver, or a custodian of blank or voided checks.
- The individual responsible for entering bank fees paid on and payments made from bank accounts to the general ledger must receive from the check signer supporting documentation for the payments, review transactions for appropriateness, and enter transactions in the general ledger. This individual must not be a bank account reconciler, a payment approver, an authorized check signer, or a custodian of blank or voided checks.
- A bank account reconciler must perform reconciliations for bank accounts.

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PROCEDURES, CONTINUED

This individual also will receive from the unit business administrator signed and witnessed documentation of the destruction of any checks (e.g., damaged checks, unused checks from a closed account, etc.), retain voided checks and supporting documentation for payments made from a bank account, review bank fees and transactions, void stale checks, and account for voided checks. This individual must not be responsible for general ledger entries, or be a payment approver, a check signer, or a custodian of blank checks.

The reconciler must submit reconciliations to the unit business administrator for approval, and then to DFA Bank Accounting regularly (for domestic bank accounts, 30 days following the last business day of the month; for international accounts, 45 days). In addition, within 30 days of the month-end closing following the closure of a bank account, the reconciler must submit final, approved bank reconciliations to DFA Bank Accounting.

◆Notes:

- If the deadline for submitting final bank account reconciliations cannot be met, the unit must submit a written explanation to DFA Bank Accounting, indicating the anticipated date of completion.
- Failure to submit appropriate bank account reconciliations will result in a recommendation to the Office of the Treasurer to close the associated bank account.

Units must restrict access to bank account information only to individuals who have a business need for this knowledge.

The unit must establish written procedures documenting these actions, and review these procedures regularly to verify that roles and responsibilities align with the unit's practices.

Upon request by the Office of the Treasurer, the unit must verify and confirm in writing that: information on file for each account is correct; written procedures are up to date for maintaining the account; the list of individuals assigned to the functions of payment approver, authorized check signer, general ledger entry, and bank account reconciler is correct; and the need for the account still exists.

Closing Bank Accounts

To close bank accounts, units must submit a "Request Close a Bank Account" form (see "Related Resources") to the Office of the Treasurer, which will review the request, considering the reason provided by the unit for the closing, and recommend to the EVP-CFO accordingly. If the request is approved, the EVP-CFO will notify the bank to close the account.

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PROCEDURES, CONTINUED

Any funds remaining in closed unit bank accounts will be remitted to a central university bank account. The Office of the Treasurer will make the appropriate general ledger entry to return the remaining funds to the general ledger account that originally funded the bank account, if appropriate.

Once the account is closed, the bank will submit a signed affirmation of the closure and a final bank statement to be retained by the Office of the Treasurer. The unit also will receive a copy of the final bank statement.

The Office of the Treasurer will notify the unit and DFA Bank Accounting of the account closure.

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