

Bank Account Policy

(Policy ACG0027)

I. Purpose of the Policy

Virtually all of the business of the campus is transacted through centrally-managed bank accounts. However, there are instances in which a departmental petty cash custodian or an officially-recognized, unincorporated UCSC support group needs to establish a bank account separate from the general campus bank accounts in order to effectively conduct University business. In general, a campus department or program is prohibited from establishing a separate bank account. The use of the name "Regents of the University of California" or any variation of the term "University of California," "University of California, Santa Cruz," or "UCSC" in any bank account name is strictly controlled.

This policy describes campus-specific provisions and operational practices related to implementing the policy for establishing a bank account. It combines pertinent portions of related UC policies with campus-specific provisions. Accordingly, this policy should not be used as a comprehensive reference to the related UC policy. In cases where a comprehensive reference is needed, the UC policy should be consulted. Where conflicts exist between this policy and UC policies, UC policies shall take precedence.

Please refer to Section III for the definitions of important terms used in this policy.

II. Detailed Policy Statement

A. General Provisions

The By-Laws of the Regents of the University of California specify that the President has the authority to establish bank accounts in the name of the University, its campuses, and medical centers. The President has redelegated this authority within the Office of the President to the Senior Vice President - Budget and Finance, Vice President - Financial Management and Director of Financial Accountability and Controls. This authority has not been redelegated to the Chancellor or any other campus official.

Accordingly, a UCSC department or program may not establish a bank account using the department or program name alone or in combination with the name "Regents of the University of California", "University of California", "University of California, Santa Cruz", "UCSC", or any variation of these terms without first obtaining formal UC Office of the President approval through the Assistant Vice Chancellor – Financial Affairs.

B. Requirements for Establishing a Bank Account

1. ***UCSC Department or Program Bank Account.*** A typical UCSC department or program is not expected to establish a bank account to deposit or disburse university cash. Existing campus bank accounts and related business processes are to be used to facilitate the deposit of cash receipts and disbursement of payments by campus departments and programs.

2. ***UCSC Petty Cash Bank Account.*** Under certain conditions, a UCSC petty cash custodian may establish a non-interest bearing bank account *under the name and taxpayer identification number (social security number) of the petty cash custodian.* In order to do this, at least one of the following conditions must be met:
 - a. The amount of petty cash to be secured by the department or program is substantial making it difficult to secure and posing a safety risk to the custodian.
 - b. A vendor payment mechanisms cannot be identified that enables acquiring low-value goods or services in the timeframe required to successfully conduct University business.
3. ***Unincorporated, Officially-Recognized UCSC Support Group Bank Account.*** Support groups typically use existing campus bank accounts and related campus processes to transact business. Occasionally, it may be advantageous for a support group to establish a separate bank account with a name that includes that of the University. The account would typically be used in the same way as a campus petty cash fund. All of the following conditions must exist in order for an unincorporated, officially-recognized UCSC support group to establish a bank account:
 - a. The support group has a clear, documented need to establish the bank account in order to allow it to serve the best interests of the University.
 - b. The support group maintains the bank account in full compliance with all banking and University cash handling policy requirements, including restrictions on using a separate bank account to deposit donations and gifts.
 - c. In establishing the account, the support group uses its own Taxpayer Identification Number (Employee Identification Number, or EIN).
 - d. The name of the support group is included as part of the bank account name.

A bank account established by either a petty cash custodian or campus support group must be with a Federal Deposit Insurance Corporation (FDIC)-insured banking institution.

C. Procedures for Establishing Bank Accounts

1. ***UCSC Departments and Programs.*** UCSC departments and programs may not typically establish bank accounts in the name of the department, program, University, or Regents. Issues related to banking matters may be directed to the Accounting Office. Please refer to Section IV Getting Help for more information.
2. ***UCSC Petty Cash Bank Account.*** A UCSC petty cash custodian may establish a non-interest bearing bank account in the name of the petty cash custodian using the following procedure:
 - a. The petty cash custodian submits a memo to the Assistant Vice Chancellor – Financial Affairs requesting that the custodian be allowed to maintain the departmental or program petty cash fund in a bank account. The memo must include the following information:

- i. Name of petty cash custodian, department, campus address, campus telephone number, campus email address
 - ii. Name of department or program unit head, department name, campus address, campus telephone number, campus email address
 - iii. Amount of authorized petty cash fund balance
 - iv. Explanation of the reasons for the department or program maintaining its petty cash fund in a separate bank account.
 - v. Name and address of the banking institution where the account will be established
 - vi. Name to be used in establishing the account
 - vii. Inclusion of the following statement indicating that petty cash custodian intends to fully comply with the requirements of this policy:

“I understand and agree to maintain <name of department or program> petty cash bank account in full compliance with terms and conditions described in the “UCSC Policy for Establishing a Bank Account.”
 - b. Upon review of the request by the Assistant Vice Chancellor – Financial Affairs, the petty cash custodian and unit head will be notified of the determination.
 - c. Upon receiving approval, the petty cash custodian may establish a non-interest bearing account with an FDIC-insured banking institution. The account must be established under the petty cash custodian’s name and taxpayer identification number (social security number).
3. ***Unincorporated UCSC Support Group Bank Account.*** An officially recognized UCSC support group may establish a bank account using its Taxpayer Identification Number, and name, in combination with the University name, using the following procedure:
- a. If the support group does not have its own Taxpayer Identification Number (Employer Identification Number, or EIN), it must apply for one:
 - i. Obtain an IRS Form SS-4, “Application for Employer Identification Number” from the UCSC Accounting Services Office.
 - ii. Complete the form and submit it to Director of Accounting Services, who will forward it to the IRS, with an accompanying letter indicating that the support group is officially affiliated with the University.
 - b. Once the EIN is obtained, the support group bank account custodian may establish the account with an FDIC-insured banking institution using the support group’s name and EIN.

D. Requirements for Maintaining Bank Accounts

1. ***UCSC Petty Cash Bank Account.*** Once a petty cash bank account is established, the petty cash custodian must comply with the following requirements:
 - a. By the end of the following month, submit the following information to the Accounting Services Office, General Accounting Division
 - i. Completed “Petty Cash Account Reconciliation” form designed for reporting on a petty cash account maintained in a bank account
 - ii. Copy of the monthly bank statement
 - b. Periodically obtain reimbursements for the account using the procedures associated with maintaining campus petty cash funds.
2. ***Unincorporated UCSC Support Group Bank Account.*** Once a bank account is established by a support group, the bank account custodian must comply with the following requirements:
 - a. By the end of the following month, submit the following information to the Accounting Services Office, General Accounting Division:
 - i. Completed “Petty Cash Account Reconciliation” form designed for reporting on a petty cash account maintained in a bank account
 - ii. Copy of the monthly bank statement

III. Definitions

Bank account custodian – individual responsible for maintaining the bank account

Cash - cash, including cash equivalents, consists of any of the following:

1. Currency and coins.
2. Checks, credit card recordings, travelers’ checks, cashier’s checks, and money orders.
3. Securities - All negotiable and non-negotiable instruments or contracts representing either money or other property that can be easily converted to currency (for example, stamps, tokens, parking and event tickets, etc.).
4. E-Commerce (Online/Electronic payments) – Automated Clearing House (ACH), other debit and credit transactions.

Employer Identification Number (EIN) - A taxpayer identification number assigned to a business or other organization by the Internal Revenue Service (IRS), based on the Form SS-4, Application for Employer Identification Number.

Name of the University – Any variation of the name “University of California” or “University of California, Santa Cruz”, and related acronyms, “UC” or “UCSC” that would imply a relationship to any operating unit, such as a campus, division, department, or program of the University of California.

Petty cash account – University cash fund maintained by a department or program with a demonstrated need to purchase of low-value supplies and services that cannot be purchased under the Low-Value Purchase Authorization Procedures, CruzBuy, or procurement card.

Petty cash custodian – Individual responsible for maintaining a petty cash account.

Taxpayer Identification Number (TIN): A number assigned by the IRS to track taxable income and tax payments of individuals and organizations. For businesses, an Employer Identification Number (EIN) assigned by the IRS. For individuals, the individual's Social Security Number serves as a TIN. Each campus of the University of California system has its own EIN.

Unincorporated officially-recognized support group: A group of individuals providing volunteer services, financial or otherwise, to UCSC in accordance with University policies and regulations, that receives formal, ongoing recognition from the Chancellor. Examples of these groups include "Friends of the Long Marine Lab" and "Friends of the Farm and Garden." Each support group is administratively and programmatically linked to the specific campus activity it supports, but is not considered a discrete, legal entity. The UC Santa Cruz Foundation and the UCSC Alumni Association represent officially-recognized, *incorporated* support groups, both of which are considered legally separate from the University. This campus policy does not apply to incorporated support groups.

IV. Getting Help

The Accounting Services Office assists with campus banking matters. Please consult the UCSC Financial Affairs website for contact information.

V. Responsibilities and Authority

The **Bank Account Custodian** is responsible for maintaining the bank account of an unincorporated UCSC support group, and for submitting reports and other information to the Accounting Services Office as required by this policy.

The **Petty Cash Custodian** is responsible for establishing and maintaining a departmental or program bank account under the name of the petty cash custodian, and for submitting reports and other information to the Accounting Services Office as required by this policy.

The **Vice Chancellor – Business and Administrative Services** is responsible for approving the submission of requests to the UC Office of the President for the establishment, maintenance, and closure of campus bank accounts

The **Assistant Vice Chancellor – Financial Affairs / Campus Controller** is responsible for coordinating the submission of requests to the UC Office of the President for the establishment, maintenance, and closure of campus bank accounts, and for ensuring campus departments and programs comply with University banking and cash handling policies.

The **Accounting Services Office Director** is responsible for reviewing the accuracy of monthly petty cash account reconciliations and related supporting information.

VI. Related Policies/References for More Information

References

UCSC Procedures

- UCSC Procedure ACG0010: Establishing and Administering Cash Funds
(<http://www.ucsc.edu/ppmanual/html/acg0010.htm>)

UCSC References

- UCSC Operating Cash Funds Reference
(<http://www2.ucsc.edu/finaff/general/OC/index.htm>)

UC Accounting Manual

- Chapter C-173, *Cash Controls*
(<http://www.ucop.edu/ucophome/policies/acctman/c-173.pdf>)
- Accounting Manual Section C-173-61 *Cash: Petty Cash Disbursements*
(<http://www.ucop.edu/ucophome/policies/acctman/c-173-85.pdf>)
- Chapter T-182-735, *Taxpayer Identification Numbers*
(<http://www.ucop.edu/ucophome/policies/acctman/t-182-735.pdf>)

UC Business and Finance Bulletin

- BUS-49 Policy for Handling Cash and Cash Equivalents
(<http://www.ucop.edu/ucophome/policies/bfb/bus49.html>)

Other

- UC Presidential DA0864 **Delegation of Authority--Policy to Permit Use of the University's Name** (<http://www.ucop.edu/ucophome/coordrev/da/da0864.html>)
- UC Policy and Administrative Guidelines on Support Groups, Campus Foundations and Alumni Associations
(<http://www.ucop.edu/ucophome/policies/support/>)
- UCSC Student Rule Book, Section 60.30 – Use of University
(http://www2.ucsc.edu/judicial/handbook03-04/060_orgs.htm)