



Finance Guideline	FND_Customer Foreign Currency (CFC) Bank Accounts_FG007
Objective	To provide guidance on the use of Customer Foreign Currency (CFC) Bank Accounts, which is a useful mechanism to manage foreign currency in and out flows at UCT.
Scope	Where bank accounts are required to be denominated in a foreign currency, in the name of the University of Cape Town, usually for research purposes.
Applicable to	All UCT fund holders, who need to manage cash flows in foreign currencies.
Additional information	Related policies: Delegated Authority Limits [GEN002] Funds deposited at or held by UCT [GEN001] UCT Investment portfolios [INV002]
Guidelines	<p>The CFC account is a bank account that can be opened in one of three international foreign currencies. Treasury will apply for additional accounts based on the volume and preference of the project owners.</p> <p>The UCT Foreign Currency Accounts held with Standard Bank are:</p> <ul style="list-style-type: none">• US Dollar• UK Pound Sterling• Euro Dollar <p>The advantages of a CFC account are:</p> <ul style="list-style-type: none">• The simplicity of the use of the account and operation.• Partners/research collaborators can eliminate exchange risk by selecting an account in the same currency as that in which to remit project funds to designated recipients. If not allowed by the funder, Treasury will direct the unit to the bank for hedging via Procurement and Payment Services (Foreign Payments) section.• Natural hedging mechanism to mitigate foreign exchange transactions. CFC is guided by SA Reserve Bank (SARB) directives and all transactions are verified beforehand for compliance.• The account does away with the need to take out forward cover if one has foreign currency receivables which can be utilized to effect foreign currency payments in the same currency held.• Depending on the requirements of the requestor, statements for CFC accounts can be provided daily, weekly or monthly.• Funds can be paid in foreign currency, or drawn down for internal use in local currency, as and when required and specified in the contract/agreement. UCT can keep a CFC account for 180 days, but Treasury advises use of the funds as soon as possible.



Establishment of the CFC account

The account makes provision for the need for early deliveries under forward exchange contracts/agreement, as well as the off-setting of payments against receipts and vice versa, in the same currencies as per agreement/contracts with project collaborators.

Period of finance projects between collaborators

CFC accounts may be used to finance transactions for any period depending on the period specified in the contract.

Interest and bank charges

- No interest is charged directly on finances held in the CFC account.
- All transactional costs are managed as per agreements/contracts, and funds drawn down into UCT transactional local bank accounts, as and when required.
- Bank charges on CFC accounts are borne centrally.

Treasury require the following to operate a CFC account:

- Copies of contracts/agreements with UCT partners/collaborators.
- Proper accounts reconciliations performed by requestors/users of the CFC accounts, with each funder having their own CFC account.
- Accountability and audit assurances of account completeness lies with the Principal Investigator (PI).
- Name of principal contact person authorised to apply for remittance/drawdown of funds for approval by the Director: Treasury & Banking.

Treasury will:

- provide statement of accounts against CFC bank accounts on all requisitions and audits by users of the accounts;
- make payments to foreign collaborators or institutions (not individuals) based on required authorisation instructions and supporting documentation (e.g. contracts, agreements, invoices);
- not make payments or drawdowns on zero balances;
- not provide an overdraft facility;
- allow drawdown of funds for internal use as per drawdown facilities conducted on UCT bank accounts and will follow the same guidelines and procedures as per UCT policy; and
- not allow currency swaps in the CFC accounts held within UCT foreign bank accounts.

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