



THE STATE UNIVERSITY *of* NEW YORK

Category:
Student Affairs

Responsible Office:
[University Life](#)

Procedure Title:
Fiscal and Accounting Procedures for Mandatory Student Activity Fee Programs

Effective Date:
September 28, 2004

This procedure item applies to:
State-Operated Campuses

Summary

This procedure governs the administrative structure and fiscal and accounting guidelines related to mandatory student activity fees.

Process

I. Structure

Administration of student activity fee programs at the state-operated campuses of the State University of New York is based on a tri-partite structure made up of the representative student government, an independent fiscal agent and the campus president or designee. The roles of the three participants in the program are set forth below:

A. Student Government

Responsibilities of the student government include but are not limited to the following:

1. Develop an internal control program. This is a system of checks and balances that ensures the security of assets, services and resources of an organization. The internal control guidelines must be written by the student government and approved by the campus designee. The internal control guidelines will provide the fiscal agent with operational and fiscal procedures that must be observed by the student government;
2. Contract for the services of a fiscal agent to provide financial, business and accounting services from a University recognized organization;
3. Provide programming to the general student body, as well as recognition and funding on a non-discriminatory basis;
4. Purchase adequate insurance for the organization, which covers the officers and member organizations for liability risks;
5. Periodically request proposals for contract services (bus service, yearbooks, etc.) to augment the services provided by the campus. Independent accounting audit services, legal services, and insurance should be re-bid every three years to ensure quality and value to the organization;

6. Abide by University policies and procedures regarding the collection and disbursement of the student activity fee, and abide by campus policies for use of grounds and facilities; and
7. Timely and regularly disseminate information to the student body regarding the budgeting process including a list of funded activities, current allocations and expenditures.

B. Fiscal Agent

The fiscal agent must be one of the following independent entities: Auxiliary Services Corporation (ASC)/Faculty Student Association (FSA), campus-based foundation, Research Foundation or other contractually-recognized campus-affiliated organization unless the campus receives an exemption from this requirement from the vice chancellor for finance and business.

The student government shall contract for fiscal services from the appropriate entity. The contract for services must be reviewed and approved by the campus president or designee.

1. This contract shall provide for the business needs of the student government and must contain provision for:
 - a. Adequate internal control mechanisms;
 - b. Insurance coverage (fidelity bond);
 - c. Custodial/disbursing functions; and
 - d. Accounting and reporting procedures.

2. Exemption From Independent Fiscal Agent Requirement:

An independent fiscal agent is a critical component in maintaining the integrity of the internal control procedures for the disbursement of student activity fee funds.

A student government may request a waiver from the requirement to designate a University campus-affiliated organization for financial services through the following process:

- a. The student government must make a formal application to the campus designee and the campus president. Minimally, this application must include a detailed and comprehensive description of the following:
 - i. Internal control features;
 - ii. Disbursement process;
 - iii. Relationship between the student government and the fiscal agent; and,
 - iv. Evidence of conformity with generally accepted accounting principles (GAAP).
- b. If this request is supported and approved by the campus president, the campus then must request a waiver of this provision from the office of the vice chancellor for finance and business.
- c. A campus granted an exemption under this provision may also request that the exemption be terminated. Exemptions may also be terminated by the vice chancellor for finance and business.

C. Campus President or designee

The role and responsibilities of the campus president or designee include, but are not limited to:

1. Reviewing procedures with the executive officers of the student government on an annual basis to ensure proper understanding and agreement regarding internal control procedures, program integrity and compliance with campus and University policies and procedures;
2. Certifying the operating budget and reviewing individual expenditures for compliance with University policies and procedures;
3. Reviewing and approving the written agreement between the fiscal agent and the student government;
4. Approving the student government's internal control plan;
5. Reviewing the independent auditor's report and any communication to student government management by the independent auditor of any internal control matter(s) noted during the conduct of the audit with the executive officers of the student government; and
6. Ensuring that there is proper and effective campus support (advisement and services) for the student government.

II. Procedures

- A. The student government must develop internal control procedures that will be reviewed and approved by the campus president or designee. The standards for internal control in New York State and the University's internal control program may be used or independent internal control guidelines may be adopted.
- B. The fiscal agent shall deposit all receipts in designated account(s), established solely for student activity fee transactions. Student activity fee money may not be co-mingled with monies of the campus or affiliated organizations such as a faculty student association (auxiliary services corporation) or voluntary student activity fee funds. The account custodian shall be the fiscal agent as fiduciary. With the exception of those organizations for which there is a contract with the student government, or as determined by the campus designee, all student organizations recognized by the student government must utilize the accounting and banking accounts of the student government for all of their activity. The campus shall provide to the fiscal agent and student government financial officer, an accounting of projected and actual student activity fee receivables as requested.
- C. Excess funds not required for current budgeted expenditures may be invested, but such investments shall be limited to those that guarantee the preservation of principal. Examples of investments of this nature are U.S. government securities, money markets, savings accounts and certificates of deposit. Such investments should bear the name of the student government and should not be co-mingled or combined with investments of other campus organizations unless expressly authorized by the student government according to its constitutional procedures.
- D. The designated fiscal agent shall maintain the accounting records of the student government in accordance with generally accepted accounting principles. The designated fiscal agent shall also establish and maintain budgetary accounts. The student government and the fiscal agent shall be responsible for assuring that the budgetary amounts are not over encumbered or over expended. In addition to budgetary accounts, a general journal, cash receipts journal, cash disbursements journal and a general ledger shall be maintained.
- E. The fiscal agent and student government shall establish and maintain an encumbrance approval system. Purchase requisitions, orders and contracts in support of approved budgetary allocations, shall be approved on behalf of the student organization by a responsible officer of the organization, and the treasurer of the student government or designee, and further by the campus president or designee. All purchases shall strive to obtain the best value for goods and services

by utilizing a system of bidding and quotes. Periodic bidding for all major services (e.g., accounting, legal, and insurance services) should occur every three years. All such fiscal commitments shall bear a statement that the approval by campus officials indicates only that the purpose of the fiscal commitment is in compliance with the provisions of the Trustees policy governing student activity fees and that the commitment does not constitute a fiscal obligation of the State of New York. Encumbrance documents shall be numbered and controlled.

- F. Disbursements shall be made by check. Check forms shall be press numbered and controlled. Check signing procedures and controls shall be established which include proper evidence that goods or services are obtained prior to payment, except in those instances where an advance deposit or a pre-payment is required. Such deposits or pre-payments must be specifically approved as part of the fiscal commitment procedures covered in section II.E. above. Check disbursement entries shall be cross-referenced to applicable vouchers. Standard voucher forms shall be used. Specimen signatures of persons authorized to approve vouchers for payment and authorized to sign checks shall be on file. Reimbursement rates should be consistent with New York State guidelines.
- G. The designated fiscal agent and student government may establish a credit card or debit card account to purchase materials, supplies, or services. The designated custodial and disbursing agent should employ a system of internal control that ensures accountability over such accounts.
- H. An advance account or petty cash fund may be established as determined by the student government and the campus president or designee. Advances shall be limited to the reasonable amounts necessary to fulfill the stated purposes. Expenses shall be itemized. All advances shall be settled promptly after completion of the necessary activity.
- I. Insurance will be obtained to protect the assets and resources of the student government.
 - 1. Dishonesty (fidelity) Insurance
Officers, agents, and employees of the student government and the fiscal agent, who are accountable for money or assets shall be adequately bonded.
 - 2. General Liability Insurance
An appropriate amount of general liability insurance will be purchased. All organizations that are recognized by the student government shall be covered by such insurance. Organizations whose activities are not or cannot be insured shall not be recognized by the student government.
 - 3. Automotive, Media and Other Insurance
Insurance will be purchased to cover all of the material risk exposures of the student government.
 - 4. The State University of New York and the State of New York shall be named as additional insured on all of the liability insurance policies purchased.
- J. Student governments, in consultation with the campus designee and as approved by the campus president, may establish designated reserve funds for specified long-range programs, provided the purposes fall within the guidelines. The recommended minimum fiscal unreserved fund balance should be no less than five percent of the prior year's operating expenditures. Student governments with unreserved fund balances under this amount should budget to bring their reserves to the recommended level within a reasonable time. Total undesignated reserves should not accumulate to an excessive amount (not more than one year's operating expenses).
- K. An inventory control system shall be maintained for the acquisition of equipment items costing in excess of a specified amount. The dollar amount for fixed assets will be reviewed and approved by the fiscal agent and the campus designee. Proceeds from the disposition of equipment items

shall be treated as miscellaneous receipts of the student government. Fixed assets and inventories must be controlled by a system that assigns responsibility to the users or holders of the assets and makes them accountable for them when they leave or transfer the responsibility.

- L. All compensated employees of the representative student government should be selected, appointed and provided a work environment consistent with the non-discrimination policies of the University. The employment practices and compensation rates should be consistent with those followed by the University or campus-affiliated organizations. A written non-discrimination policy should be developed, implemented and on file for the representative student government. The student government should utilize the fiscal agent to administer payroll functions.
- M. All programs supported in whole or in part by student activity fees, which involve the collection of receipts, shall be supported by a detailed statement of receipts and expenditures. Project receipts shall be deposited intact and are subject to these fiscal and accounting procedures. All project disbursements shall be made from the appropriate budgetary accounts. Revenue controls shall be established to assure an accountability of receipts. These controls shall include, where applicable, press numbered tickets or receipt forms. Cash collections shall be controlled and each person handling cash shall be bonded if they handle a material amount.
- N. The budget certification process must include reviewing the policies and procedures of the University regarding policies for internal control, affirmative action, employment practices, and sound business practices with the elected executives of the representative student organization. Based upon an understanding of the responsibilities, the campus designee may authorize the budget. This authorization will provide:
 - 1. Recognition that the student government is representative of a constituent student body and may receive all related or associated activity fees collected by the campus;
 - 2. Authorization for the student government and its recognized student organizations to use University space and facilities in accordance with University and campus policies;
 - 3. Approval of the internal control guidelines; and
 - 4. Certification by the campus president of the student government budget.
- O. An annual audit of the student government and all affiliated organizations shall be completed in a timely manner by an independent auditor after the close of their fiscal year. The auditor's report, including any communication to student government management by the independent auditor of any internal control matter(s) noted during the conduct of the audit, shall be made available to the student body and be submitted directly to the campus president and designee by the auditor upon its release. An acceptable corrective action plan will be submitted for all internal control findings and recommendations within sixty days of the report to the independent auditor and the campus president and designee. A request for proposals for auditing services should be made every three years. These audits do not preclude audits by the New York State comptroller's office, the university auditor, or at the request of the campus president.
- P. The budget certification, audit reports and management letter will be provided to the chancellor or designee on an annual basis.

Related Procedures

There are no related procedures relevant to this procedure.

Forms

There are no forms relevant to this procedure.

Other Related Information

In support of this procedure, the following links and/or references to additional resources for related information are included:

[Mandatory Student Activity Fees.](#)

Authority

Where applicable, this section contains links and/or references to the authority governing this procedure:

[8 NYCRR Part 302.14](#) (Student Activity Fees).

State University of New York Board of Trustees Resolution 02-65 adopted June 25, 2002.

History

This section contains links and/or references to the history relevant to this procedure:

Chancellor King formed the task force on student activity fees in June 2001. This University-wide group was put together in response to legislative interest in the University's student activity fee program, particularly, the referendum process. The specific charge to the task force was to review the current University Board of Trustees policy on the mandatory student activity fee, which had not been reviewed since its development in the late 1970's (see Board of Trustees Resolution 76-248 adopted on September 22, 1976) to ensure that procedures were in place to achieve fiscal accountability. The task force through subcommittees studied issues relating to referenda, communication, disclosure, fiscal integrity and operational procedures.

The task force recommendations are intended to update and refine University policies and procedures relating to the mandatory student activity fee while clarifying the roles and responsibilities of the three participants within the overall student activity fee structure: the student government, the campus president, and the independent fiscal agent. The recommendations address a range of legal issues that have been the subject of recent court decisions. In addition, a number of recommendations seek to increase student participation in the decision-making process as well as strengthening internal control features to ensure fiscal accountability.

The contents of this policy were approved through the rule making process followed by final adoption of the State University Board of Trustees on September 28, 2004.

Appendices

There are no relevant appendices to this procedure.