



# FACULTY STUDENT ASSOCIATION OF DOWNSTATE MEDICAL CENTER, INC.

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## POLICIES AND PROCEDURES FOR TRUST AND AGENCY (T&A) ACCOUNTS

### I. PURPOSES:

The Faculty Student Association (FSA) provides custodial, disbursement, bookkeeping, and other account administration services to recognized campus organizations through the establishment and administration of Trust and Agency (T&A) Accounts. FSA provides these services for a fee that is established by the FSA Board of Directors and deducted from the funds on deposit and/or any income earned on the deposit. Trust and Agency Fees are applied to defray administrative costs and further FSA's purpose to provide service to the Campus Community.

The FSA does not normally handle accounts consisting of funds generated through State mandated or approved fees (other than SAF funds), or generated by State paid staff on State time. Such income should normally be administered through State University of New York Income Fund Reimbursable (IFR) accounts. However, with approval of the University President, or designee, the FSA may be authorized to establish accounts for these funds.

### II. FSA LIABILITY AND RESPONSIBILITY

A. FSA acts solely as a custodial and disbursement agent for the organization(s) for which it administers the T&A account(s) and shall have no liability to third parties for actions or agreements of persons and/or organizations for which it provides Trust and Agency services. The establishment of a Trust and Agency Account does not create a "trust" as defined and governed by the Estate Powers and Trusts Law of the State of New York.

B. As the designated agent, FSA will endeavor to maintain accounts consistent with the purposes and within the scope of authorization set forth by the recognized campus organization. FSA reserves the right to refuse to pay out funds that, in its own recognition, it deems to be unauthorized or improper. FSA has no obligation to ensure that the funds disbursed are used for proper purposes. FSA shall have no responsibility for misapplication or misappropriation of funds provided that such funds were disbursed based upon a facially valid withdrawal order.

C. FSA will:

1. prepare a monthly statement of account activity.
2. review transactions for accuracy and correctness.
3. maintain adequate files for history and audit.
4. maintain a petty cash system, payroll system, and purchase order system as outlined in these guidelines.
5. invest surplus funds as in section VII. However, FSA assumes no liability whatsoever for these services.

### III. CREATION OF T&A ACCOUNTS

A. A request for establishment of an FSA T&A Account shall be made on an "[FSA Trust & Agency Account Application Form](#)". The completed and signed application shall be reviewed by the FSA Director of Finance and forwarded to the FSA President.

B. Before any account consisting of funds generated through State mandated or approved fees or generated by State paid staff on State time shall be approved, the FSA shall receive a letter from the University President or designees (who may not be an FSA officer or director) authorizing the account. Such authorization acknowledges that the account is State mandated, approved or generated, and that the State assumes liability for the account.

C. When appropriate, the FSA President shall approve the account by signing the T&A Account Application and Agreement Form at which time the FSA Director of Finance shall establish the T&A account.

### IV. MAINTENANCE OF T&A ACCOUNTS

A. If account purpose or funding source has in any way changed, or if authorized signature changes are necessary, the primary representative of the depositor must submit a T&A "Request for Change Form" noting all changes. Meeting minutes are required from organizations, verifying approval of revisions. Said form shall be approved by the FSA President and then placed into effect.

B. Annually, at the end of each fiscal year (May 31<sup>st</sup>), accounts with no activity or a zero balance may be closed upon recommendation of the FSA Director of Finance and approval of the FSA President and Treasurer.

C. Remaining balances in closed accounts shall be returned to the proper campus organization. If the proper campus organization no longer exists then the balance shall be considered abandoned property and disposed of in accordance with the law after deductions by FSA of appropriate administrative charges:

D. The primary representative of the depositor shall be certain that all designated account signatories understand and accept the FSA Responsibility and Liability as stated in Section II.

V. **DISBURSEMENTS AND RECEIPTS**

- A. FSA shall maintain a cash disbursement journal, as cash receipts journal and general ledgers for each account. The FSA Director of Finance is authorized to institute any other journals or records deemed necessary.
- B. FSA shall maintain a file of all vouchers processed.
- C. The account shall be reconciled monthly. However, if there is a possibility of the account being overdrawn, the account shall be reconciled after each transaction. No account shall become overdrawn unless specifically authorized by the FSA President or Treasurer.
- D. Each deposit should refer to a Bursar's receipt number.
- E. Each disbursement shall indicate clearly the purpose, authorization, and approval by authorized T&A account signatory(ies). Supportive original documentation must accompany all [FSA Payment Request forms](#), available online.
- F. The FSA T&A account clerk shall verify signatures and check compliance with purposes and restrictions that appear in the account application prior to disbursement of funds. Discrepancies shall be reported to the FSA Director of Finance.
- G. Although FSA officers may be authorized signatories of a T&A account, FSA officers may not sign the T&A account agreement.
- H. When a purchases order is issued for an account, the amount of the purchase order shall be deducted from the account and credited to a holding account established for that purpose (Accounts Payable). The Director of Finance must sign purchase orders.
- I. FSA may authorize use of a petty cash fund in an amount determined by FSA. Use of petty cash funds are subject to all regulations set forth herein.

VI. **PAYROLL**

- A. Payroll payments may be requested when an employer-employee relationship exits (as per IRS) and must be processed through the FSA bi-weekly payroll system and must be reviewed and approved by FSA in advance. Payroll or honorarium payments can NOT be made from T&A accounts directly to a SUNY employee. All honorarium/ independent contractor payments must be submitted on a Payment Request Form that specifies the "recipient is not a SUNY employee", the recipient's social security number, & mailing address.
- B. FSA will prepare quarterly or monthly tax returns for T&A account employees processed through FSA's payroll system.
- C. The depositor shall be responsible for having an IRS Employer Identification Number, I-9 and W4 or 1099 data prepared. FSA shall not process payments for personal service without these forms.
- D. After payroll check(s) have been issued from the FSA payroll system, the FSA Director of Finance shall sign and process a Payment Request Form which withdraws funds from the T&A account and replenishes the appropriate payroll account for the total amount of all payroll and related tax disbursements.

VII. **INTEREST**

- A. T&A funds may be combined for the purpose of investments. Proper investments for T&A funds are interest-bearing accounts, Certificates of Deposit, or similar accounts as deemed appropriate by the FSA Treasurer and Board of Directors in their investment policy which may change from time to time. Any requested special investments of T&A Account depositors shall be discussed with the FSA Treasurer. T&A Funds may be combined for the purpose of investment.
- B. Upon maturity principal and interest will be returned to the T&A account. T&A accounts all receive interest of funds invested as determined by the FSA Board of Directors.
- C. If a T&A account should draw their funds and FSA had invested these funds in appropriate FSA investments, the FSA Treasurer shall cause sufficient monies to return to the T&A cash fund to honor the draw.

VIII. **CHARGES**

- A. FSA administrative charges represent FSA's corporate overhead such as FSA personnel and other corporate expenses.
- B. FSA administrative charges shall be annually determined by the FSA Board of Directors in their annual FSA budget process. Traditionally, each T&A account is charged a pro-rated portion of FSA's corporate overhead based on the number of annual transactions of each account, or \$25.00 per year, whichever is greater. The FSA Director of Finance can be contacted to verify current charges and/or rates in effect.