

POLICIES AND PROCEDURES FOR TRUST AND AGENCY (TA) and STUDENT ACTIVITY FUND (SAF) ACCOUNTS

I. PURPOSES:

The Faculty Student Association of Downstate Medical Center, Inc. (FSA) provides custodial, disbursement, bookkeeping, and other account administration services to recognized campus organizations through the establishment and administration of Trust and Agency (TA) Accounts under these policies and procedures which may be updated by FSA from time to time as appropriate. FSA provides these services for an Administrative/Management Annual 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 which defray administrative costs and further FSA's purpose to provide service to the Downstate campus community.

- **TA accounts are subject to the [SUNY Policy and Procedure on Agency Accounts \(link\)](#).** With the exception of SAF related funds, FSA does not handle accounts consisting of funds generated through State mandated or approved fees. SUNY mandated or approved fees are to be administrated through SUNY Income Fund Reimbursable (IFR) accounts. Appropriate TA funds that are generated by State paid staff on State time require the advance approval of the campus President or designee, prior to FSA establishing TA accounts for such funds.
- **Student Activity Fund (SAF) accounts are additionally subject to the [SUNY Policy and Procedures on SAF \(link\)](#),** and do follow the internal procedures outlined below. Clubs/organizations must deposit all funds in its FSA account; Any non-FSA account is prohibited.

II. FSA LIABILITY AND RESPONSIBILITY

- A. FSA acts solely as a custodial and disbursement agent for the organization(s) for which it administers the TA account(s) and shall have no liability to third parties for actions or agreements of persons and/or organizations for which it provides TA accounting services. The establishment of a TA Account does not create a "trust" as defined and governed by the Estate Powers and Trusts Law of the State of NY.
- 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 recognizance, 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; Account holders must regularly check your account(s) monthly statements when issued.

III. CREATION OF TA ACCOUNTS

- A. A request for establishment of an FSA TA Account shall be made on an "[FSA Trust & Agency Account Application Form](#)" (Note: Student Activity Fee (SAF) entities use the [SAF Budget Request and Agreement Form](#)). The completed and signed application shall be reviewed by the FSA Controller and forwarded to the FSA President. The applicant (primary account holder) can not be an FSA officer.
- B. Before any account consisting of funds generated by State paid staff on State time shall be approved, the FSA shall receive a letter from the University President or designee (who may not be an FSA officer or director) authorizing the account to be established. Such authorization acknowledges that the account is not State mandated, approved or generated, and that the State assumes liability for the account.
- C. When appropriate, the FSA President or Treasurer shall approve the account by signing the TA Account Application and Agreement Form (for SAF entities, the SAF Budget and Agreement Form), at which time the FSA Controller shall establish the TA account.

IV. MAINTENANCE OF TA 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 [TA Revision Form](#), noting all changes; SAF entities use the [SAF Account Update Form](#). 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 31st), accounts with no activity or a zero balance may be closed upon recommendation of the FSA Controller and approval of the FSA President or Treasurer.
- C. Remaining balances in closed accounts shall be returned to the proper campus or appropriate successor entity. If there is no appropriate campus successor organization, 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 DEPOSITS

- A. All Deposits to TA and SAF accts are made at the Bursar's Office and obtain a receipt number. Check deposits are to be made payable to "FSA of DMC Inc" with the SAF club-org or TA name or FSA Account# in memo section.
Charitable donations: Some account purposes may be eligible to receive charitable donations; In these cases, an FSA Charitable Donor Acknowledgment letter can be issued by FSA upon request by the account holder who provides all necessary letter details (incl. copy of Bursar Receipt and Check). Account holders must consult the FSA Business Office in advance for more details

- B. FSA shall maintain applicable appropriate accounting records of receipts, disbursements, transfers, and general ledgers for each account. The FSA Controller is authorized to institute any other journals or records deemed necessary.
- 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. Disbursements shall be submitted to FSA on an [FSA Payment Form \(Form FSA001-link\)](#) clearly indicating the purpose, and signed by authorized TA account signature(s). If the payee is an authorized signator, another authorized signator must co-sign the payment form. Supportive documentation must accompany all FSA Payment Request forms; [Instructions are available online \(link\)](#) and [SAF Form instructions \(link\)](#).

Electronic signatures on FSA payment forms: FSA at its sole discretion may, subject to these policies, accept electronic signatures on FSA Payment forms for TA and SAF accounts provided same are transmitted to FSA via eMail from a Downstate.edu eMail account of the authorized signator(s) of the organization and comply with any other and further security/validation requirement(s) as FSA at its sole discretion may require. FSA shall have the right to rely upon such electronic signatures provided they are in the form required and meet such other security/validation requirements as may be required under this paragraph.

Online Credit Card Orders charged to your TA Account. The FSA Business Office staff have an FSA corporate card which can be utilized where appropriate for TA account holder expenses. Complete and submit the signed FSA Payment Form – include all online order details and any applicable vendor webpage login, so that the FSA Business Order can complete your online order. **If goods are to be shipped to you, be sure the order has [Downstate-compliant 'Ship TO' addressing \(link\)](#).**

- E. The FSA TA 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 Controller.
- F. Although FSA officers may be authorized signatories of a TA account, FSA officers may not be the primary representative account holder that signs the TA account agreement on behalf of the account holder.
- G. If and when a Purchase 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), and signed by the FSA President, Treasurer, or Controller.
- H. 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 by FSA.

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
- B. All non-employee personal service payments such as honorarium/ independent contractor payments must be submitted on a Payment Request Form, noting the recipient's social security number, & mailing address with any required IRS forms. The depositor shall be responsible for having an IRS Employer Identification Number, I-9 and W4 or W9 and 1099 data prepared. FSA shall not process payments for personal service without these forms
- C. Payroll, independent contractor, or honorarium payments can NOT be made from TA accounts directly to a SUNY employee unless supporting documentation clarifies such services are fully performed outside their SUNY time and obligation, which shall be acknowledged by the payee's supervisor.
- D. FSA will prepare quarterly or monthly tax returns for TA account employees processed through FSA's payroll system.
- E. After payroll check(s) have been issued from the FSA payroll system, the FSA Controller shall sign and process a Payment Request Form which withdraws funds from the TA or SAF account and replenishes the appropriate payroll account for the total amount of all payroll and related tax disbursements.

VII. INTEREST

- A. TA funds may be combined for the purpose of investments. Proper investments for TA 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 TA Account depositors shall be discussed with the FSA Treasurer.
- B. Upon investment maturity principal and interest, if any, will be returned to the TA account. TA accounts all receive interest of funds invested as determined by the FSA Board of Directors.
- C. If a TA 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 TA 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 TA account is charged a pro-rated portion of FSA's corporate overhead based on the number of annual transactions of each account, or \$50.00 per year, whichever is greater. The FSA Controller can be contacted to verify current charges and/or rates in effect.