



Financial Accounts

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General Policy

1. Registered student organizations may request to have a financial account with the Controller's Office and shall be given an account upon approval of the application by both the Student Affairs & Services Division and the Controller's Office.
2. The University does not require student organizations to have their financial accounts with the Controller's Office. They are, however, encouraged to follow good accounting principles and effective financial control of their funds.
3. Registered student organizations sponsoring revenue-producing events on campus or in University facilities must have a University financial account and all revenues and expenditures of the revenue-producing event must go through this account unless the revenues are under \$50 per day. The University, through the Student Affairs and Services Division, reserves the right to review and audit these accounts.
4. Student organizations having the right to use University facilities and services have the option of paying for the use of University facilities and services either by cash or through their University account, if such an account exists. The University may require that cash payments be made in advance. Some units may require payments to be made through the University account.
5. A signature form designating at least two student officers authorized to sign forms calling for the expenditure of funds from the organization's University account must be on file with the Controller's Office and the Student Organization Business Office. Student organizations may not designate an advisor as an authorized signer.
6. Student organizations and their officers are responsible for any financial obligations incurred by the organizations and for any overdraft in their University account.
7. The University will not be obligated to process authorized expenditures, if there are not sufficient funds in the student organization's University account. All other authorized expenditures will be processed, unless prohibited by law or applicable University regulations.
8. If the Controller's Office fails to receive the completed and approved account/signature forms for the new academic year by October 15th, the organization's account will not be accessible to the organization for withdrawals. NOTE: ALL student organizations must complete new account forms each Fall Semester upon their return to school.

9. For tax purposes, student organizations are considered a separate entity from Michigan State University and do not fall under its tax umbrella. Therefore they should not use MSU's Tax ID or presume they are tax exempt. Each organization is liable for their own taxes and reporting of gifts & donations made to their organization. All tax questions should be referred to the State of Michigan Treasury Department, the Internal Revenue Service, or a Certified Public Accountant. Each RSO is liable for the tax filings and tax reporting, with the exception of Form 1099 filings for the RSO's University account. The University will provide all Form 1099 filings on all applicable purchases funded by an RSO's account. The RSO is responsible for Form 1099 filings on applicable non-University account purchases, if any.

Establishing an Agency Account

Student organizations must be registered with the Department of Student Life and formally recognized by the University in order to apply for an agency account with the MSU Accounting Office. To request a new agency account with the University's Controller's Office, student organizations must first complete and turn in the **Application for Agency Account** and **Authorized Signature** forms to the Student Life Office in Room 101 of the Student Services Building. At least two officers must be listed on the Application for Agency Account form along with the advisor. The Authorized Signature form designates who will have the ability to access the agency account and perform actions such as check the account balance, make deposits, pay invoices, request funds, and submit reimbursement vouchers. The officers designated on the Application for Agency Account form must also appear on the Authorized Signature form. Advisors do not have access to student organizations' agency accounts, and therefore should be placed on the list of those with access to the account. The president and advisor must then sign at the bottom of the Authorized Signature form to complete it. **Incomplete or incorrect forms will not be accepted.**

The Student Life staff requires at least three (3) days to review and approve the application forms for opening a new account. Once the forms have been approved, the following actions should take place:

1. The Student Life staff will email the organization when the Application for Agency Account form is ready to be picked up. The form must then be taken by the organization to the MSU Accounting Office in Room 360 of the Hannah Administration Building along with **at least \$50** (cash or check payable to "Michigan State University") to establish a starting balance in the account.
2. The Accounting Office will review and approve the application. Upon approval, a Cash Receipt e-doc will then be initiated and submitted for the deposit of the funds into the account. Two Cash Receipt Cover Sheets will be given to the organization, and one must be submitted to the Cashier's Office in Room 110 of the Hannah Administration Building to complete the deposit.
3. Once verification of the deposit has been made, an account number will be assigned to the student organization and emailed to the organization by the MSU Accounting Office. This process may take up to one week. Once the organization

is notified of the account number, the account is now active and accessible by the student organization.

The approval and establishment of a student agency account does not:

- a. Automatically entitle the organization to the use of all University services.
- b. Place the organization under the University's tax-exempt umbrella.
- c. Make the University liable for any of the organization's actions.
- d. Grant the organization the right to use the University's payroll system.

Annual Renewal/Updating of Agency Accounts

Transactions, particularly payments, reimbursements and transfers, can only be made from an active account. In order to maintain an active account, both the Application for Agency Account and the Authorized Signature forms must be reviewed and updated annually with new officer and advisor information beginning August 1st through October 15th coinciding with the student organization registration process. Any time there is a change in signature authority, new forms must also be completed and submitted to the Student Life Office. The students listed as officers on account forms should match the ones listed on the student organization registration, so new account paperwork should be submitted every time a new registration is submitted to Student Life. **Student organizations will not have access to their accounts until their information has been updated for the current school year.** The Student Life staff requires at least three (3) days to review and approve the application forms for renewal of an existing account. Once the forms have been approved, the Student Life staff will forward the forms to the Student Organization Business Office and the MSU Accounting Office. No further action is required on the part of the student organization.

Dormant Accounts

Accounts that have not been renewed or are not properly closed are considered dormant accounts. By requesting an agency account, the RSO also authorizes the University to forfeit any abandoned monies to University funds. Monies will be deemed abandoned if for a period of 18 months or more no accounting transactions are made (other than monthly service fees) and no authorized RSO officer notifies the University's Accounting Department in writing at 360 Administration Building of the RSO's desire to renew the account. **Note:** The University reserves the right to terminate any account at its own discretion.

Closing an Account

To close an account, send an email request to the SOCBO or email stuorg@vps.msu.edu asking that your account be closed. An authorized signer for the

RSO must sign this request. To have funds refunded, provide a Student Account Payment Voucher for any remaining balance in account

Transactions

Depositing Funds

To deposit money into an RSO account, a Cash Deposit receipt e-Doc must be generated by the SOCBO. The receipt can be requested either in person, at Office of Student Life, Student Services Building, Room 101 or by email, using a valid MSU.

E-mail: E-mail the completed deposit receipt, [Cash Receipt Deposit](#), to stuorgs@vps.msu.edu, with the following subject field, CASH DEPOSIT. The Central Business Officer will generate the Cash Receipt e-doc and return this document to you via email attachment within one to two business days. Retain a copy of this document for your records. Take the Cash Receipt Cover Sheet along with cash and checks to the Cashier's Office, Room 110 Administration Building.

Or

In Person: Bring a completed deposit receipt, [Cash Receipt Deposit](#), to the SOCBO, 101 Student Services Building. The Business Officer will generate 2 copies of the Cash Deposit Receipt e-doc. Retain one copy for your records. Take the Cash Receipt Cover Sheet along with cash and/or check(s) to the MSU Cashier's Office, Room 110 Administration Building.

Deposits should be delivered to the MSU Cashier's Office within 1-2 business days of obtaining the Cash Deposit Receipt. Their office hours are from 8:30 a.m. to 4:30 p.m., Monday through Friday. Deposits made through the last business day of a month will appear on that month's operating statement. Sufficient funds must be on deposit to cover all charges incurred during the month to avoid an overdraft.

Distributing Funds

Funds can only be distributed from an account in one of the following ways. Cash may not be directly withdrawn from an account.

Disbursement Voucher (DV) E-docs

Types of payments include payments to off campus vendors, refunds to the organization, reimbursement for expenditures incurred by members of an organization, purchasing supplies, withdrawals of funds, etc. Only one person or vendor can be paid on a disbursement voucher E-doc. Expenses must be documented via the Student Account Payment Voucher Form with the appropriate documentation attached.

[Student Account Payment Voucher Form](#)

The Student Organization will prepare and submit the voucher to the SOCBO. The SOCBO will review and route the voucher to MSU's Accounting Office for approval and payment. All payment requests made to the SOCBO must be submitted by an authorized signer with a valid MSU NETID. Note: Reimbursements to an authorized signer must be submitted by a different authorized signer on file with the Student Life Office. Receipts (to reimburse individuals) and invoices (for payment of services) must be submitted along with the voucher.

For payments that must be made within one to three business days, the following options are available: 1) A check can either be prepared for pick up at the Accounting Office, 360 Administration building after 4 PM on the day indicated by the SOCBO, or 2) a check be prepared and mailed to the payee. There is a \$15 service charge for special handling, which will be expensed to the organization's account. Request for a rushed check (special handling) must be selected on the Student Account Payment Voucher when submitted to the SOCBO.

NOTE: For amounts greater than \$500.00, the organization's advisor must sign the document.

Paying another Campus Department or Organization

Many University service units will bill organization accounts internally by moving funds from one account to another through an e-doc. The SOCBO will assist with determining the proper e-doc.

NOTE: While transfers between student or non-student agency accounts are acceptable, University departments **MUST** obtain Dean's Office authorization to donate departmental funds to Student accounts. These donations must be initiated with the Internal Billing e-doc.

A department may also support a student organization by transferring charges in the following manners:

- a) **TRANSFER OF EXPENSE:** Organization incurs the expense/charge against their Student Account. Upon confirmation of charge (issued check, processed e-doc), provide the reference detail to the supporting department so they may transfer the expense to their account via Distribution of Income and Expense e-doc.
- b) **REIMBURSEMENT TO STUDENT:** An officer of the student organization may pay for the supply or service and provides all appropriate receipts (store receipts, credit card statements, etc) to the department to be reimbursed. Note: Payment must meet

established University policies for reimbursements. All questions should be directed to the reimbursing Department.

c) **DIRECT PAYMENT TO VENDOR:** Department may pay for an expense on behalf of the student organization. Payment must meet established University policies. All questions should be directed to the Department.

Service Fee

Student organization agency accounts will be charged a monthly service fee of \$5.00 to partially cover the costs of services that the University renders. Such services include, but are not limited to, the monthly preparation of operating statements detailing all transactions (see “Monthly Operating Statements”), account administration and maintenance, the payment of expenses through the University's payment system, and the ability to use certain University service centers. Such fees are automatically charged to an organization's account each month (even if there has been no activity in the account). The Associated Student of MSU (ASMSU) have agreed to cover the fees for RSO accounts through the end of June 2018.

Overdrafts

Any organization maintaining an agency account with the University will be assessed a \$20.00 charge if such organization's account reflects an overdraft (negative) balance at the end of any calendar month. The balance at the end of any calendar month shall mean the actual balance (not including encumbrances) reflected on the organization's account. The organization is required to immediately deposit into their account the greater of \$50.00 or the amount of the overdraft and overdraft fee (see “Deposit of Funds”). Failure to do so will result in a financial hold on authorized account signers and closure of the account. The University shall automatically close any RSO's account that reflects an overdraft balance on the month end ledger for any two (2) months during a 12-month period. The amount of the overdraft balance and any fees or charges indicated above must immediately be paid in full to the University. The RSO will not be permitted the use of accounting services and its account shall not be reopened for one (1) year from the date such action was taken or overdraft was covered. A financial hold will be placed against the officers (currently on file in Accounting) of any RSO that fails to cover an overdrawn balance in its account. The hold will be issued immediately following the occurrence of the overdrafts. If the overdraft remains unpaid, the hold will remain in effect for future registrations.

The Controller's Office reserves the right to increase either of the above fees without prior notice.

Account Termination

At all times the University reserves the right to close or expire a student agency account at its discretion. (See also "Dormant Accounts".)

Financial Hold

A financial hold will be placed against the officers (currently on file in Accounting) of any group that has an overdrawn balance in its account. The hold will be issued immediately following the occurrence of the overdrafts. If the overdraft remains unpaid, the hold will remain in effect for future registrations.

Services by Infrastructure & Planning Facilities (IPF)

Requests for opening or closing buildings or other IPF services are approved and processed by the Student Life staff, Room 101 Student Services Building, (517) 355-8286. RSOs must have a University account to pay for IPF Services.

Requisitions and Purchase Orders

Purchases from outside vendors are made through the Purchasing Department, via a Purchase Order prepared by the SOCBO, 101 Student Services Building. For information regarding requisitions and purchase orders, contact the SOCBO at stuorgs@vps.msu.edu.

Monthly Statements

A Monthly Operating Statement of account reporting activity for the previous calendar month, will be emailed to a valid MSU NetID on file with the Office of Student Life. If the statement is not received, contact the Office of Student Life, (517) 355-8286. The statement will provide a means of checking your treasurer's records against those of MSU Accounting. If a discrepancy is noted or any other account balance questions arise, an officer of the RSO should call the SOCBO at Office of Student Life, (517) 355-8286 as soon as possible.

Closing an Account

To close an unneeded account, contact the SOCBO to request a refund of any remaining funds from the account. The SOCBO will submit the Disbursement Voucher, as well as send an E-mail request to Accounting (accounting@ctrl.msu.edu) asking that your account be closed. E-mail should provide account name, number and the e-doc number of the Disbursement Voucher that has been submitted to remove any existing funds. Account will NOT be closed until ALL FUNDS have been removed.

More Information and Forms

For further information regarding financial processes, visit the Controller's Office website at <http://www.ctrl.msu.edu>.

Many of the forms discussed in this section (e.g., Payment Voucher, Deposit Receipts) can be accessed at <http://studentlife.msu.edu/student-organizations-activities>.

Note: When submitting these forms for processing, it is your responsibility to provide copies, and that each copy is clearly marked "COPY".

Issuing Gifts and Prizes

RSOs should follow Section 44 of the MSU Manual of Business Procedures in regards to gift cards and noncash gifts (<http://ctrl.msu.edu/COMBP/mbp44EBS.aspx>). Generally, gift cards and non-cash gifts may not be purchased for employees. An exception will be made for infrequent, low dollar (not to exceed \$75) gift cards. Please keep in mind when giving out gift cards that giving smaller prizes means more prizes to more people. Gift cards include retail cards, cards for MSU goods and services, VISA or other debit-style cards, and Spartan Cash. Noncash gifts include tangible personal property and include plaques, flowers, clothing, art, and household goods.

When submitting vouchers to be reimburse for gift card/prize purchases, the name of the recipient(s), address, and NetID should be attached to the voucher before the reimbursement will be paid. Gift cards may not be purchased in bulk and set aside for future gifts. Gift cards may only be purchased for specific purposes and must be distributed within two weeks of purchase. For single and accumulative prizes of \$600.00 or greater per person, during a calendar year, the social security # of the individual also needs to be obtained and submitted with the voucher.

Tax Information

RSOs are not automatically tax exempt. Each RSO is responsible for filing the appropriate paperwork to receive tax exempt status if desired and provide proof of this status to the Accounting Department. RSOs with national affiliation may check with their national organization to see if they fall under the national tax-exempt number. Otherwise, forms from the State of Michigan and the Federal Government must be filed. These forms can be obtained by contacting the State of Michigan Treasury Department, <http://www.michigan.gov/taxes>, and the Internal Revenue Service, www.irs.gov.

Each RSO must find out if taxes must be filed by their RSO by contacting the State of Michigan Treasury Department and the Internal Revenue Service. The most current telephone numbers can be found on the State of Michigan website. You may wish to contact a Certified Public Accountant (CPA) for assistance.

Each RSO is liable for their tax filings and tax reporting, with the exception of Form 1099 filings for the RSO's University account. The University will provide all Form 1099 filings on all applicable purchases funded by an RSO's University account. The RSO is responsible for Form 1099 filings on applicable non-University account purchases, if any. The University is not responsible for any cost resulting from the RSO not having the right paperwork.

Off-Campus Bank Accounts

If an RSO chooses to open an off-campus bank account, ex. MSUFCU is considered an Off-Campus account, an Employer Identification Number (EIN) is necessary so that you, as a leader, do not get taxed for interest earned on your RSO bank account. You must complete an SS-4 Application for Employer Identification Number. This must be filed with the Internal Revenue Service to obtain an EIN. An Employer Identification Number (EIN) is also known as a Federal Tax Identification Number, and is used to identify a business entity. Student organizations are considered a separate entity from Michigan State University and do not fall under MSU's tax exempt status. Therefore, student organizations should not use MSU's Tax ID or presume they are tax exempt.

Each Registered Student Organization (RSO) is responsible for applying for and maintaining their own EIN issued by the Internal Revenue Service (IRS). If your organization has ever had one in the past, instructions on how to recover it can be found here: <https://www.irs.gov/Businesses/Small-Businesses-&Self-Employed/Lost-or-Misplaced-Your-EIN>. For more information on EIN numbers and to apply for one, please visit <https://www.irs.gov/businesses/small-businesses-self-employed/employer-id-numbers-eins>.

Please note, just because you're assigned an EIN number, does not automatically mean you are tax exempt. There's a separate application process through the IRS to file for tax exempt status and becoming a 501(c)(3). You can find more information on becoming tax exempt here:

<https://www.irs.gov/charities-non-profits/before-applying-for-tax-exempt-status>
https://www.irs.gov/charities-non-profits/applying-for-tax-exempt-status?_ga=1.185237737.1765778375.1455049136

If this is the direction your organization is looking to go, we recommend RSO's meet with a tax professional to help you through the application process and discuss annual filings.

