



Managing Student Organization Accounts

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RESEARCH ASSOCIATE
Cindy Hong

RESEARCH MANAGER
Aashna Kircher

TABLE OF CONTENTS

- I. Research Methodology
- II. Executive Overview
- III. Models of Student Organization
Account Management
- IV. Strategies for Successful Operation
- V. Managing Relationships with Other
Units
- VI. Managing Risk
Networking Contacts

I. RESEARCH METHODOLOGY

Project Challenge

A member university approached the Council with the following questions regarding student organization finance offices:

- **Operations:** *How do other institutions structure student finance offices to efficiently handle the accounts and paperwork associated with the student government budgeting process? What are the primary responsibilities of this office? Does the office use any specific software tools to increase efficiency?*
- **Staff:** *How many staff do student finance offices at other institutions employ and what credentials do staff members possess? Do offices hire any student employees? If so, in what roles? Are staff considered to be employees of the student government or employees of the university?*
- **Relationship to university:** *How independent is the student finance office at other institutions (i.e., is the office separate from the university finance office)? If it is independent, what degree of accountability exists (if any) in terms of the reporting structure to the main finance office?*

Project Sources

- Advisory Board's internal and online (www.educationadvisoryboard.com) research libraries
- The Chronicle of Higher Education <http://chronicle.com>
- National Center for Education Statistics (NCES) <http://nces.ed.gov/>

Research Parameters

- The Council reached out to directors of student finance offices or student affairs budget directors at large public research institutions that maintain substantial numbers of student organizations.
- For purposes of this brief, the following terms will be used to differentiate types of accounts:
 - **Recognized (or student government-funded) student organization account** – This account belongs to a student organization that has been recognized by the student government and consequently holds funds awarded by the student government.
 - **Unrecognized student organization account** – This account belongs to a student organization that has not been recognized by the student government, and thus has no financial relationship with the university. These organizations typically include fraternities or political clubs, and may collect dues or hold fundraisers.
 - **Donated funds account** – This account includes funds donated by alumni or for-profit businesses, typically corporations.
 - **Unrestricted account** – This account holds funds that have been directly earned by the student organization for providing services (e.g., holding a bake sale or carwash) Funds in unrestricted accounts are not subject to the same regulations as other accounts.

I. RESEARCH METHODOLOGY

A Guide to Institutions Profiled in this Brief			
Institution	Location	Approximate Undergraduate Enrollment	Classification
Pennsylvania State University	Mid-Atlantic	38,000	Research Universities (very high research activity)
Texas A&M University	Southwest	38,400	Research Universities (very high research activity)
University of Colorado at Boulder	West	25,100	Research Universities (very high research activity)
University of Maryland, College Park	Mid-Atlantic	26,500	Research Universities (very high research activity)
University of Michigan, Ann Arbor	Midwest	26,200	Research Universities (very high research activity)
University of Minnesota, Twin Cities	Midwest	28,700	Research Universities (very high research activity)
University of Virginia	South	13,600	Research Universities (very high research activity)
University of Wisconsin-Madison	Midwest	30,000	Research Universities (very high research activity)

Source: National Center for Education Statistics, Carnegie Foundation for the Advancement of Teaching

II. EXECUTIVE SUMMARY

Key Observations

- ❖ **Contact institutions operate under one of three models to manage student organization accounts:** 1) the student activities office minimally oversees student organization account spending; 2) a hybrid student organization finance office assumes some financial duties and advising duties; 3) a dedicated student organization finance office oversees all student accounts. Half of all contact institutions maintain the third model of a dedicated office to oversee student accounts that receive funds from the student government association as well as accounts with funds that the student organization has raised elsewhere. All offices typically report under the division of student affairs.
- ❖ **Contact institutions typically require student organizations to keep funds received through the university in on-campus accounts; however, policies vary for funds received through donations or other fundraising.** Some institutions require students to report all funds to their campus accounts while some institutions allow students to hold their fundraised dollars in off-campus, personal accounts. Contacts point out that their policies must balance students' desire to easily access their funds with administrators' desire to provide some oversight to protect members of student organizations.
- ❖ **The number of full-time employees in designated student organization account offices ranges from four to eight staff members across contact institutions.** In addition, each student finance office usually employs several part-time students who work up to 40 hours a week. Staff typically come from accounting or commercial banking backgrounds.
- ❖ **Contacts have adopted a variety of software to meet their accounting needs, such as USL Financials, Accufund, or even systems designed in-house.** Contacts report a variety Pennsylvania State uses USL Financials, which offers a user-friendly interface, but slow batch processing. In contrast, the University of Michigan uses Accufund, a robust product that provides more functions than contacts need. At the same time, Texas A&M uses an in-house built systems.
- ❖ **Most student finance offices typically operate independently of the university's other budget and finance offices.** However, in some cases, student finance offices may work in conjunction with the university's accounts payable office to pay vendors.
- ❖ **Contacts report that key risk management concerns associated with student finance offices include ensuring that student leaders use finances for legitimate purposes and that students accurately report transactions.** Common strategies for oversight include using signature cards, requiring students to attend financial orientation, and instituting a reporting process for non-officer students to inform Student Affairs staff of suspicious activity. In these incidences, university auditors may then examine the student organization's account.

III. MODELS OF STUDENT ORGANIZATION ACCOUNT MANAGEMENT

Models of Student Organization Accounts

The following table provides an overview of the account management at contact institutions. As the table indicates, contact institutions follow one of three models for housing student organization accounts:

Model A - No official student organization finance office oversees accounts.

Model B - A hybrid student organization finance office assumes some financial and advising duties.

Model C - A dedicated student organization finance office oversees all account management.

Student Organization Account Management Across Contact Institutions						
Model	Institution	Approximate Number of Student Organizations	Total Dollar Value of Student Organization Accounts	Number of Full Time Staff	Types of On-Campus Student Organization Accounts	Types of Off-Campus Student Organization Accounts
Model A: No Dedicated Student Finance Office	<i>University of Minnesota</i>	600	Unavailable	N/A	None	<ul style="list-style-type: none"> • Recognized student accounts • Donated funds accounts • Unrestricted accounts • Unrecognized accounts
	<i>University of Wisconsin</i>	650	Unavailable	N/A	<ul style="list-style-type: none"> • Only students clubs sponsored by academic departments 	<ul style="list-style-type: none"> • Recognized student accounts • Donated funds accounts • Unrestricted accounts • Unrecognized accounts
Model B: Hybrid Student Finance Office	<i>University of Virginia</i>	800	\$600,000	5	<ul style="list-style-type: none"> • Donated funds accounts • Recognized accounts 	<ul style="list-style-type: none"> • Unrestricted accounts • Unrecognized accounts
	<i>University of Maryland</i>	600	\$1.5 million	2	<ul style="list-style-type: none"> • Donated funds accounts • Recognized accounts 	<ul style="list-style-type: none"> • Unrestricted accounts • Unrecognized accounts

III. MODELS OF STUDENT ORGANIZATION ACCOUNT MANAGEMENT

Student Organization Account Management Across Contact Institutions (Cont.)						
Model	Institution	Number of Student Organizations	Total Dollar Value of Student Organization Accounts	Number of Full Time Staff	Types of On-Campus Student Organization Accounts	Types of Off-Campus Student Organization Accounts
Model C: Dedicated Student Organization Finance Office/Center	<i>University of Michigan</i>	1,100	Unavailable	5	<ul style="list-style-type: none"> • Unrestricted accounts • Recognized accounts • Donated funds accounts 	<ul style="list-style-type: none"> • Unrecognized accounts
	<i>Texas A&M University</i>	850	\$15 million	6	<ul style="list-style-type: none"> • Unrestricted accounts • Recognized accounts • Donated funds accounts 	<ul style="list-style-type: none"> • Unrecognized accounts
	<i>University of Colorado</i>	1,000	Unavailable	8	<ul style="list-style-type: none"> • Unrestricted accounts • Recognized accounts • Donated funds accounts 	<ul style="list-style-type: none"> • Unrecognized accounts
	<i>Pennsylvania State University</i>	700+	\$15 million	4	<ul style="list-style-type: none"> • Unrestricted funds • Recognized accounts • Donated funds accounts 	<ul style="list-style-type: none"> • Unrecognized accounts

III. MODELS OF STUDENT ORGANIZATION ACCOUNT MANAGEMENT

Selecting a Model for Account Management

Contacts suggest that the model under which their institutions operate often reflects the resources available at the institution, and the institution’s interpretation of tax policies.

Model A: No Dedicated Student Finance Office

After experiencing financial mismanagement by staff members, the **University of Wisconsin** altered its account management structure to move most student accounts off campus. In contrast, the **University of Minnesota** purposefully decided against a dedicated student finance office in order to maintain separation between student organizations and the university. Administrators determined the safest way to distinguish student clubs from the institution was for student clubs to maintain off-campus accounts.

Benefits	Drawbacks
<ul style="list-style-type: none"> Requires fewer employees to oversee 	<ul style="list-style-type: none"> Exposes student groups to greater risk of mismanagement

Model B: Hybrid Student Finance Office

At many contact institutions, an office within the division of student affairs oversees student organization accounts in addition to performing other duties; indeed, student organization account management may only be a minor component of the office’s responsibility. For example, the **University of Virginia’s** Business Services Office within the larger Dean of Students Office oversees all financial areas for the Dean of Students, including procurement and payroll. While the office manages some student accounts that hold university or student government funds, clubs may also keep unrestricted funds in an account with the university credit union to reduce the Business Services Office’s responsibilities. In addition, the responsibility of managing donated fund accounts falls under the purview of Virginia’s Alumni Hall.

The **University of Maryland’s** Center for Campus Life manages some student club accounts as part of its larger mission to oversee student club event planning and overall student involvement. As such, the finance staff also helps students organize events.

Benefits	Drawbacks
<ul style="list-style-type: none"> Consolidates office responsibilities to some degree and offers some oversight of student transactions 	<ul style="list-style-type: none"> Limits ability to oversee all student accounts as some accounts located off campus Can confuse students as accounts are handled in different locations

Model C: Dedicated Student Organization Finance

Half of all contact institutions dedicate a specific office to oversee student organization accounts. These offices typically report under the Division of Student Affairs (*see page 11*). The primary responsibility of this office is to provide sufficient oversight of student account transactions, and to consolidate these accounts under one office.

Benefits	Drawbacks
<ul style="list-style-type: none"> Accounts for all student financial exchanges Protects students from risk Allows staff to develop expertise 	<ul style="list-style-type: none"> Requires a large staff and significant resources

IV. STRATEGIES FOR SUCCESSFUL OPERATION

Staffing Designated Student Organization Account Offices

Designated student organization account offices at contact institutions maintain between four and eight full-time employees. The following table depicts titles and duties of staff across select institutions.

Staffing Designated Student Finance Offices			
	Position	Duties	Background
Texas A & M Student Organization Finance Center	Business Administrator I	Oversight of all SOFC operations, Banking services, credit card sales	Extensive commercial banking experience
	2 Business Coordinator II	Audits, tax reporting, travel cards, fiscal transfers, funding opportunities, working funds	Accounting background
	Training Specialist	Student organization training, audit, Problem Resolution, Vendor Relations	Student affairs experience
	Business Associate II	Cashier, Check Voids, Unreconciled Checks, Fiscal Deposits	Some commercial banking experience
	Business Associate III	Cashier, Cash Advance Reconciliation, Insufficient Checks, Mail Services	Some commercial banking experience
		Assists with clerical work; total 40 hours a week	
University of Colorado – Boulder Student Organizations Finance Office	Director	Oversees the office	Accounting background
	Assistant Director	Helps manage the office; oversees event planning	Student affairs background
	Accounting technician for event planner	Walk-in traffic; specializes in event reimbursement	Student affairs and event planning experience
	Accounting technician for travel	Walk-in traffic; specializes in travel reimbursements	Student affairs experience
	Accounting technician	Oversees I.T. needs; manages payroll	I.T. experience
	Office Manager	Oversees payables, and the digital organization account system	Administrative experience
	3 Student assistants	Total of 30 hours a week	Current, full-time students
Penn State University Associated Student Activities Finance Office	Associate Director, Budget and Finance	Oversees the entire office; cuts checks for the office; prepares bank deposits; opens and closes drawers	Many years accounting and management experience
	Associate Director/Treasurer	Cash management, reconciles accounts	Many years accounting and management experience
	2 Financial Officers	Handles walk-in traffic; codes for check requests; transfer funds amongst student accounts; cash advance reconciliation; gift transactions from the development office	Some commercial banking experience
	12 student workers	Directs walk-in traffic; processes paper work; customer service	Current, full-time students

IV. STRATEGIES FOR SUCCESSFUL OPERATION

Staffing Designated Student Finance Offices (Cont.)			
	Position	Duties	Background
University of Michigan (Student Organization Account Services)	Cash Office Business Manager	Oversees the office; reports to the Dean of Students	Many years experience in accounting and management
	Cash Office Supervisor	Checks reimbursements and deposits	2-3 years' experience in commercial banking
	3 Cash Office Representatives	Check the office email account; handle walk-in students	Some commercial banking experience
	4 work-study students	Total work about 48 hours a week	Current, full-time students

Contacts recommend the following strategies when hiring staff to meet student demand:

1. Hire ample staff to manage all transactions in a timely manner

While contacts report no direct correlation between the number of staff and the number of total dollars in student accounts they manage, contacts recommend that institutions may need to recruit more staff for a student organization account office than for other offices that handle financial transactions on campus for two primary reasons:

- a) Students expect a faster turnaround with transactions such as reimbursements than other finance offices that mostly work with university offices and outside contractors. In addition, vendors that students work with regularly, such as local restaurants, often request payment on a quick timeline.
- b) A student organization account offer experiences significant walk-in traffic from students. These transactions range from requesting funds to transferring funds to reimbursements. For example, the **University of Michigan** averages 12,000 transactions per academic year in total, many of which take place on a walk-in basis.

2. Hire staff with commercial banking experience

While most senior level managers have accounting experience, contacts recommend looking for commercial banking experience in student organization account office staff. Individuals with this background are valuable especially for their customer service training.

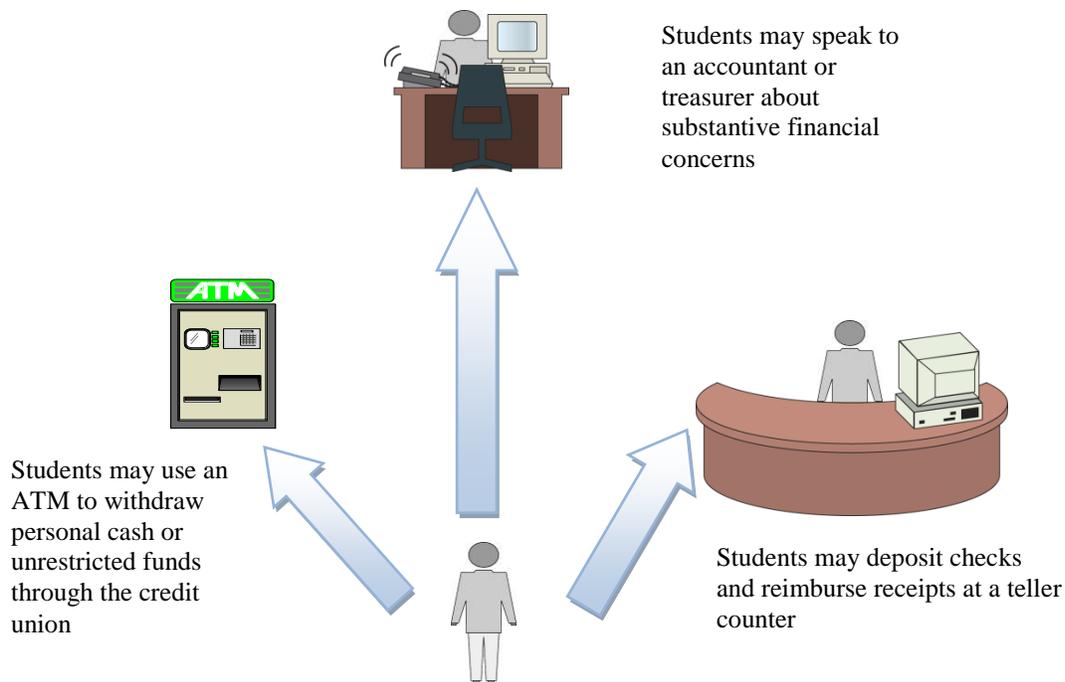
3. Hire student workers for customer service duties

Contacts suggest leveraging the federal work study program to hire part-time student workers. Students may serve in an administrative capacity to direct phone calls and walk-in students. Students typically work ten hours each per week, totaling 35-40 hours of student time.

IV. STRATEGIES FOR SUCCESSFUL OPERATION

Constructing a Commercial Banking Design

Contacts at institutions with dedicated student organization accounts offices typically lay out their offices like a commercial bank:



Selecting Software to Assist with Account Management

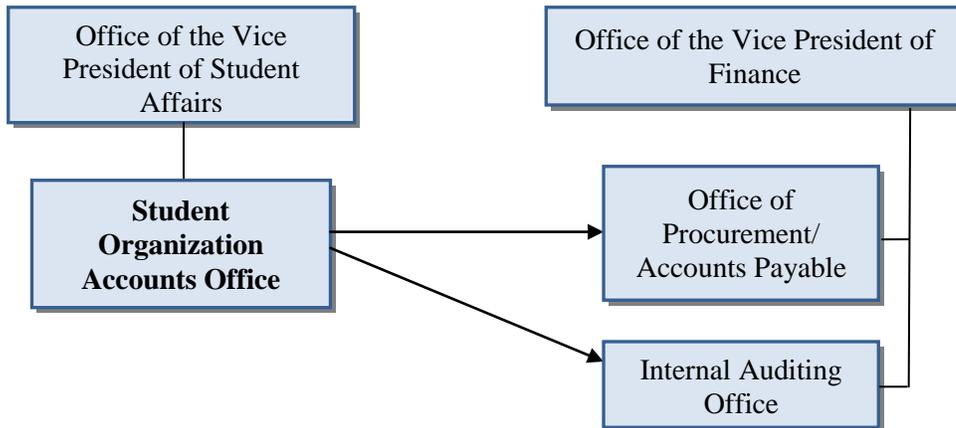
Contact institutions use different types of software to manage student accounts. Most student organization account offices initially use the same account management software as the rest of the university, which facilitates communication between offices. However, as student organization account offices grow, they tend to adopt independent software designed to be student-friendly. Contacts typically look for software that allows students to check account balances and request funds.

Account Management Software Across Institutions			
Institution	Software	Strengths	Weaknesses
University of Virginia	Excel Document	Greater familiarity for staff	No student interface
University of Colorado-Boulder	PeopleSoft with Filemaker	Compatible with the larger university's accounting software; allows students to track their funds	Only provides basic accounting calculations
Pennsylvania State University	USL Financials	User-friendly interface	Only uses batch processing; slow processing of purchase orders
University of Maryland	In-house design	Can customize to specific needs; manages the student organization registration process; serves as a portal for students	N/A
University of Michigan	Accufund	Provides a robust system	Michigan only uses part of the system

V. MANAGING RELATIONSHIPS WITH OTHER UNITS

Working with Other Financial Units

All dedicated student organization account offices at contact institutions are located within the Division of Student Affairs. As such, they typically report to the Dean of Students. In addition, most student organization account offices work with budgetary offices located under the purview of the Vice-President of Finance.



According to contacts at institutions with dedicated student account management offices, the above model:

- 1. Provides more support to student organization accounts office staff.** The procurement office at University of Maryland handles all purchase orders, including those for student clubs. This arrangement reduces the student organization accounts office's workload, allowing staff to spend more time helping students directly.
- 2. Provides oversight of the student organization accounts office.** Communication between financial offices also offers some degree of oversight. For example, at the University of Virginia, the student organization accounts office must report to the procurement office at the end of each fiscal year to reconcile accounts.

Spotlight: An Independent Student Finance Office

Pennsylvania State University's Associated Student Activities Finance Office is completely independent of other financial units. It operates using separate software and pays all student organization invoices. The primary rationale for providing this service separately from the university's other financial offices was to serve students in a timelier manner.

"Students operate on a faster timeline than the rest of the university; we aim to reimburse receipts within 24 hours."

- Director of Student Finance Office,
Pennsylvania State University

VI. MANAGING RISK

Risk Management Concerns

Contacts acknowledge the following as the most pressing risk management challenges for student finance offices:

1. **Irresponsible spending:** Student club officers do not spend funds on items that the other members of the club condone.
2. **Hidden funds:** Student officers may purposely hide funds, or use funds for their personal purposes, of which the rest of the club is not aware.
3. **Fund withdrawals from unauthorized individuals:** Non-officers may attempt to withdraw money from student club accounts.

Strategies for Addressing Risk Management Concerns

Educate Students Early About Financial Responsibility

Most contact institutions require student officers to attend a financial orientation at the beginning of each school year. A student activities staff member educates students about procedural information as well as criteria for events (e.g., restrictions on serving food and opening the event to the entire student body). Staff can also use this opportunity to bestow a sense of fiscal responsibility on students.

Create Checks in the Process of Planning Student Events

Many institutions build in checks during the process of accessing funds to ensure that only authorized students can access funds in a responsible manner. For example, **Texas A&M** maintains a signature card for all authorized students. At many contact institutions, students must file a funding proposal with the student activities office before using their accounts. However, contacts at the **University of Maryland** point out that institutions need to avoid too much paperwork so that students will not attempt to evade the rules.

Do Not Advance Cash

The **University of Virginia** and the **University of Michigan** do not allow students to take out funds in advance of events; rather, the offices only reimburse students after events when students can provide a receipt for all purchases. This process not only allows staff to make certain that funds were spent on approved items, but also requires a level of commitment from students as they initially use personal funds to pay for events.

Provide a System for Filing Complaints and Audits

Students who are unsatisfied with club officer spending may file an official complaint at the **University of Maryland** and **Penn State University**. Staff will then request all receipts from the club officers, who have a week to provide them. Staff may then refer these records to the university's internal auditing office if they notice anything suspicious. While many student finance offices do conduct end-of-year reconciliation for all student accounts, they do not conduct regular audits; only problematic accounts are audited.

Require All Student Accounts to be Housed on Campus

Penn State University and the **University of Colorado** formally require all student accounts to be registered on campus, so that Student Affairs staff can oversee all transactions. This structure limits students' access to funds and allows the office to hold them more accountable for purchases.



STUDENT AFFAIRS LEADERSHIP COUNCIL

Managing Student Organization Accounts

Networking Contacts • March 16, 2010

Pennsylvania State University

Jill Leidy
*Associate Director/Treasurer,
Associated Student Activities Finance Office*
University Park, PA 16802
Phone: 814-865-1947
Email: jal124@psu.edu

Texas A&M

Kelly Pampell
Business Administrator I,
Student Organization Finance Center
College Station, TX 77843
Phone: 979-862-8793
Email: kelly-j-pampell@tamu.edu

University of Colorado

Jon Tsuda
*Director, Student Organization Finance
Office*
Boulder, CO 80309
Phone: 303-492-3222
Email: Jon.Tsuda@Colorado.EDU

University of Maryland

Marsha Geunzler-Stevens
Director of Office of Campus Programs
College Park, MD 20742
Phone: 301-314-8505
Email: mguenzle@umd.edu

University of Michigan

Emory Mulholland
*Cash Office Business Manager,
Student Organization Accounts Service*
Ann Arbor, MI 48109
Phone: 734-647-3480
Email: mremorym@umich.edu

University of Minnesota

Erich Martin
*CMU Events & Conferences Coordinator
Student Unions & Activities*
Minneapolis, MN 55455
Phone: 612-624-9927
Email: marti351@umn.edu

University of Virginia

Marc Patrouch
Assistant Director Of Business Services
Charlottesville, VA 22904
Phone: 434-924-4225
Email: mjp6e@virginia.edu

University of Wisconsin

Mark Kueppers
*Advising Coordinator,
Center for Leadership and Involvement*
Madison, WI 53706
Phone: 608-890-2206
Email: kueppers@odos.wisc.edu

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