

## **Section D Bank and Investment Accounts**

### **NDSU Policy 502**

NDSU shall comply with State Board of Higher Education Policy 810, which establishes limitations on opening and maintaining bank and investment accounts by all state agencies and institutions. Only bank and investment accounts authorized by NDSU's Vice President for Business and Finance are to be opened in the name and federal employment identification number of North Dakota State University. Such authorized bank and investment accounts are the only accounts that may hold public monies owned by NDSU.

Student organizations, even if affiliated with NDSU, are not considered part of the legal entity of NDSU and are not subject to the aforementioned state law. Student organizations that open their own bank account off campus must apply for their own federal employment identification number with the Internal Revenue Service.

### **Department Guidelines**

#### **1. Policy interpretation**

*NDSU departments are not allowed to setup or maintain their own bank and/or investment accounts.* Monies collected by departmental personnel are generally considered "public monies" under the law. *Public monies must be properly deposited in the NDSU Business Office.* If a department has a special bank or investment account they must inform the Accounting Office and make full disclosure.

#### **2. Foundation Accounts**

There are a number of not-for-profit foundations that are affiliated with NDSU, such as the NDSU Development Foundation, NDSU Research Foundation, NDSU Research and Technology Park, and NDSU Teammakers. These foundations may internally designate monies for use by NDSU departments.

*Generally, it is recommended that NDSU departments process their expenditures through funds on the university's books, rather than the separate foundation.* Monies held by an affiliated foundation that are to finance the a department's expenditures should be transferred from the foundation to NDSU. Departments would need to request this transfer. When the monies are deposited in the NDSU Business Office they should generally be coded with a revenue TCC depending on the original source of the revenue - usually it should be coded TCC 124 (gifts).

## *Financial Processing Guidelines for NDSU Departments*

### *Section D Bank and Investment Accounts*

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There may be some instances where it is more appropriate to expend the Foundation monies through the Foundation's books. This may be more appropriate due to legal or policy compliance reasons. For example, since alcoholic beverages may not be paid for from university funds, private foundation funds may be used, upon approval of the Foundation.

### **3. Student Organization bank accounts**

Departmental personnel are often asked to serve as advisors to student organizations and may be involved in assisting, or advising the club in financial matters. Student club/organizations should open a bank account, as authorized by their bylaws, officers, or advisors.

Banks will require that the club/organization provide a federal employer identification number in order to open a new bank account. Since the club/organization is not legally a part of the NDSU, or the state of North Dakota, the University's federal employer identification number must not be used to open a bank account. The club/organization must obtain its own federal employer identification from the Internal Revenue Service by filing form SS-4 Application for Employer Identification Number.

It is advisable to maintain good internal accounting controls over receipts and, especially, disbursements from the bank account. Segregating duties or having two people involved in the transactions is advisable. Requiring two signatures on checks can help. Rotating duties can also help.

### **4. Internal Control**

Periodically, the Accounting Office will send a letter to local banks to verify there are no unauthorized bank or investment accounts established by departments.