

GUIDELINE
Financial Administration of
Fund 600 Award Cost Centres
Endowments and Trusts

**Jointly prepared by Treasury, Finance,
Scholarships and Bursaries, and Student
Financial Services**

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1. Overview

This document outlines financial administration guidelines for Fund 600 award cost centres (CC) to streamline the administration of awards. These standard processes will assist stakeholders and cost centre managers (CC Managers) and support the fulfillment of accountability standards for awards management.

The role of the stakeholders and CC Managers for Fund 600 award cost centres is summarized in the table below:

STAKEHOLDERS	PROCESSES
Scholarships & Bursaries <i>(Student Financial Services)</i>	<ol style="list-style-type: none"> 1. Awards Approval 2. Awards Management 3. Awards and Trusts Set Up 4. Awards Posting 5. University Scholarships Monitoring 6. Awards Reporting to Board and Senate
Faculty of Graduate Studies	<ol style="list-style-type: none"> 1. Graduate Awards Programs 2. Graduate Awards Reporting
Development <i>(Advancement)</i> Development Officers <i>(Faculties)</i>	<ol style="list-style-type: none"> 1. Fund Raising 2. Donor Stewardship 3. Donor and Community Reporting
Gift Processing <i>(Advancement)</i>	<ol style="list-style-type: none"> 1. Endowments Set Up 2. Donations Handling 3. Allocation of Designated Gifts
Administrators, Financial Officers and Executive Officers <i>(Faculties)</i>	<ol style="list-style-type: none"> 1. Awards Budgeting 2. Expenditures Reporting
Financial Reporting & Comptroller's Office <i>(Finance)</i>	<ol style="list-style-type: none"> 1. Financial Records 2. Financial Reporting 3. PeopleSoft Controls and Oversight 4. eReports Access and Controls 5. Endowment Fund Unitization and Distributions 6. Fund 600 Cost Centre System Set Up
Treasury Department <i>(Finance)</i>	<ol style="list-style-type: none"> 1. Investment Management 2. Report on Endowment Fund Performance

2. Fund 600 Cost Centres

Gifts designated for specific purposes by external donors are classified as externally restricted and are generally held in Fund 600 cost centres (CCs). Donor restrictions are documented in gift agreements that must accompany the cost centre request set up form. CCs are established to provide an accounting control entity for managing and reporting donations, distributions and expenses over multiple periods. Fund 600 CCs are divided into two types: **Endowments and Trusts**. They are further categorized by the gift agreement as either **Awards** or **Faculty**. In some cases, awards that are initiated at the discretion of the Dean may also be classified in Fund 600 if the funds have originated from external donors. Each CC should be set up with a single purpose designation, such as, for a named undergraduate or graduate award.

Rule of Thumb: One Award, One Award Code, One CC. This streamlines administration and oversight of restricted funds in PeopleSoft, Awards Management, and Donor Stewardship.

Two exceptions to the rule are multi-purpose CCs and OSOTF/OTSS Endowment CCs.

Multi-purpose CCs: Multi-purpose CCs may be unavoidable if the donor designates hybrid or multiple purposes for a gift that may not fall neatly into one of the 4 distinct categories in the table below. Fund 600 CCs with multiple purposes (for example, two different awards or combined endowment and trust components) require additional oversight and administration.

OSOTF/OTSS Endowment (Family) CCs: From 1997 – 2012 the Ontario government operated a series of matching programs for endowment bursaries. Multiple CCs for donor funds with a single purpose were created under each successive matching program for endowment donations matched under OSOTF I and OSOTF II (Ontario Student Opportunity Trust Funds) and OTSS (Ontario Trust for Student Support) to allow the University to report to the government separately on each of the matching programs. These endowments were set up in CC series (663, 664, 665, 667). Groups of two to four CCs constitute an “**endowment cost centre family**”. **All CCs within the family group share the same name and the same donor restrictions.** Cost centres with the same donor and different restrictions are not an endowment cost centre family.

The table below summarizes the four different types of Fund 600 CCs by type, designated purpose, set up, responsible managers and signing authority.

COST CENTRE TYPE	DESIGNATED PURPOSE	SET UP REQUESTED BY	RESPONSIBLE MANAGER & SIGNING AUTHORITY
Endowment	AWARDS Undergraduate Scholarships & Bursaries, Graduate Fellowships. Includes Bursaries, Prizes and Medals.	Gift Processing	CC Manager: Executive Officer (Faculty) Primary Signing Authority: Executive Officer (Faculty) Secondary Signing Authority: Registrar
	FACULTY Faculty and Research Activities Academic Chairs	Gift Processing	CC Manager: Executive Officer (Faculty) Primary Signing Authority: Executive Officer (Faculty)
Trust	AWARDS Undergraduate Scholarships & Bursaries, Graduate Fellowships. Includes Bursaries, Prizes and Medals.	Scholarship & Bursaries	CC Manager: Executive Officer (Faculty) Primary Signing Authority: Executive Officer (Faculty) Secondary Signing Authority: Registrar
	FACULTY Faculty and Research Activities Academic Chairs	Department/Faculty	CC Manager: Executive Officer (Faculty) Primary Signing Authority: Executive Officer (Faculty)

3. Awards – Fund 600 Cost Centre Set up

ESTABLISHING THE AWARD

1. The **Donor** communicates with the Division of Advancement (Division or Faculty Development Officers) and commits to making a gift for a designated purpose.
2. **Gift Agreements for Undergraduate Awards** are prepared by Advancement in collaboration with Scholarships and Bursaries and University Counsel.
3. **Gift Agreements for Graduate Awards** are prepared by Advancement in collaboration with Graduate Studies, Scholarships and Bursaries and University Counsel.
4. **Award terms** are documented in an **Award Proposal Form** that is completed by the Faculty or by Scholarships and Bursaries.
5. **Award Proposal Forms** are submitted for awards approvals to Student Financial Services (SFS) under authority delegated to SFS from the Senate Awards Committee. Once the Award is approved, the CC is set up.

SETTING UP THE COST CENTRE

1. Initiate with the **Fund 600 Cost Centre Set Up Form – Endowments & Trusts**.
 - **Gift Processing** initiates CC set up for Awards that are **endowments**.
 - **Scholarships & Bursaries** initiates CC set up for Awards that are **trusts**.
 - The initiating unit completes the **Fund 600 Cost Centre Set Up Form**, which identifies the Responsible Manager, the Primary Signing Authority, and the Signing Authority Delegate.
 - The completed form along with the Gift Agreement is forwarded to **Finance (Comptroller's Office)**.
2. Finance reviews, approves and authorizes the Fund 600 Cost Centre Set Up form, assigns the CC number, applies the naming convention, codes and establishes the node and CC access.
3. Finance delivers the approved set up instructions to **Financial Reporting** to create the new CC in PeopleSoft. Financial Reporting arranges for eReports access to be set up by UIT and sends a confirmation email to all persons with access to the CC when the CC has been created and is ready for use.
4. Once the CC is established in PeopleSoft, donations received by Advancement are transferred to the CC.

Documenting Fund 600 Award Set Up: The above processes are typically managed and documented via email with attachments. Certain documents are prepared formally in hard copy as they require signatures of donors and authorized officers. The **key documents** are:

- Gift Agreement
- Award Proposal Form
- Fund 600 Cost Centre Set Up Form

4. Awards Administration: Adjudication and Cost Centre Responsibility

Awards include all scholarships, fellowships, bursaries, medals and prizes awarded to undergraduate and graduate students at York University. Oversight for each award falls under the jurisdiction of the Faculty/Department CC Manager, Student Financial Services (SFS), Graduate Studies or a combination these.

Award Adjudication is the process of selecting the student recipient of an Award in accordance with the terms of the Award as laid out in documents maintained in the Awards Management System (AWM). The award terms are set by academic merit, financial need or both and may be limited to a specific Faculty/Department, Undergrad (UG) or Graduate Studies (GS) or a combination (UG/GS).

Cost Centre Responsibility entails financial oversight, monitoring and compliance with University accounting rules and applies to a cost centre or a group of cost centres.

Faculty Executive Officer: The CC Manager for all awards, scholarships and bursaries is the Executive Officer (EO) of the Faculty that is responsible for selecting the award recipients. In cases, where the Faculty, Scholarships and Bursaries and/or Faculty of Graduate Studies units have joint responsibilities (i.e. shortlisting candidates and/or notifying students), ultimate responsibility for the CC will rest with the area most responsible for selecting the award recipient.

Primary Signing Authority: The Executive Officer or Unit Director is designated as the primary signing authority for award cost centres. However, the EO may delegate signing authority to others, for example, administrative or financial officers.

Secondary Signing Authority: is assigned to the University Registrar for all award cost centres (undergraduate, graduate and UG/GS combination).

Registrar: When Scholarships and Bursaries is solely responsible for selecting the award recipient(s), the CC Manager will be the University Registrar.

Graduate Studies: For Graduate Studies Awards, where components of administration may be managed variously by the Faculty, Graduate Studies and Scholarships and Bursaries, in general the Faculty EO is the CC Manager, consistent with the local award recipient selection process. If the recipient is selected by the Faculty of Graduate Studies (FGS), then the FGS EO will be the CC Manager.

Organized Research Units: For awards where the selection of recipient(s) is conducted within an Organized Research Unit (ORU), the Senior Executive Officer of Research and Innovation will be the CC Manager.

5. Scholarships and Bursaries Role

- Oversee all York U awards activities.
- Provide information and advice to CC Managers, adjudicators and award administrators.
- Provide status and periodic reports to the Senate and Board of Governors.
- Annually conduct random audits of cost centres from across all faculties.

SEQUENCE OF EVENTS

The CC Manager is responsible for monitoring their cost centres for the following:

- In January:
 - **Deficit:** Are any of the cost centres in a deficit?
Action: Eliminate any deficit or explain.
 - **Surplus:** Is the available balance higher than 10% of the current year allocation?
Action: Assess whether it should be allocated.
- Year end:
 - **Significant Surplus:** Is the available balance higher than the current year allocation?
Action: Determine a plan for allocation.

Scholarships and Bursaries will meet with each Faculty annually to review their cost centres and flag cost centres that are in surplus or deficit. Actions to be taken by the Faculty are:

- **Deficit:** If a cost centre is in deficit, the Faculty will be expected to provide an alternate cost centre from which funds can be transferred and process a journal entry to eliminate the deficit.
- **Surplus:** If there is a surplus, Faculties may be asked to provide an explanation (i.e. no suitable candidates) or may be asked to increase current award disbursements.
- **Significant Surplus:** Cost centres with significant surpluses in expendable accounts will be flagged to the CC Manager. Reinvesting a portion of the surplus balance into the investment pool may be proposed to the CC Manager. However, reinvestment is not encouraged as the objective is to disburse the funds according to the purpose

specified by the donor. A significant surplus may be sign that the purpose specified by the donor is too restrictive, in which case Advancement may be asked to engage the donor in a discussion to modify the donor restrictions in the Gift Agreement to allow disbursement of the funds.

ANNUAL CC ACCOUNTABILITY PROCESS

CC Managers are required to sign off the year end accountability letter that all awards charged to their cost centres observe the University Guidelines for Scholarships and Bursaries and that the awards paid are consistent with the donor restrictions.

6. Endowed Awards

Endowments are permanent gifts where the donated capital is retained and invested in the Endowment Fund which is overseen by the Investment Committee of the Board of Governors. Endowments generate annual distributions that are available for spending. Distributions are based on the long term average real rate of return of the investment portfolio. The investment portfolio is invested according to the Statement of Investment Policies and Procedures approved by the Board of Governors. Named endowments at York require a minimum donation of \$25,000.

Endowed Awards Administration: The CC Manager and the adjudicating unit who select the award recipient(s) are jointly responsible for ensuring that all funds available for spending have been posted to a student account and properly used. Distributions may be used only for the endowment purpose as set out by the donor in their Gift Agreement with York.

It is important for the responsible areas and CC Manager to track funding available in their endowed cost centres and to disburse awards **annually**. All awards administrators should have an adjudication process in place and conduct regular reviews to ensure:

- Awards are disbursed in accordance with the gift agreement
- No deficits in the cost centres
- Adjudication procedures are conducted on a timely basis
- Funds are disbursed, posted to STAC and distributed to students in a timely manner

7. Expendable Awards (Trusts)

Trusts are expendable funds derived from donations where the whole amount is designated for spending in specified amounts over a limited time horizon. Trust awards fall into two categories: Term and One-Time-Only.

Term Awards: A term award is funded for multiple years and the donor funds the value of the award over the specified term. Funding for term awards may be donated in a lump sum or may be provided in instalments over a specified period.

One-Time-Only Awards: A donation is received to fund a named award only once.

For all Expendable Awards it is the responsibility of the CC Manager to ensure:

- Awards are disbursed in accordance with the gift agreement
- No deficits in the cost centres
- No balance outstanding in the cost centre account at the end of the term
- Adjudication procedures are conducted on a timely basis
- Funds are disbursed, posted to STAC and distributed to students in a timely manner

8. Combination Awards

Combination awards are a combination of both undergraduate and graduate awards. For these awards, Scholarships and Bursaries and the Faculty of Graduate Studies units have joint responsibility in adjudicating the award. Combination awards can be either endowed or trust awards. In these instances, the CC Manager is the University Registrar.

9. Fund 600 Awards Coding Convention

Fund 600 cost centres are recognizable by the code preceding the name of the cost centre. This is generally a truncated form of the award name (30 character maximum). The table below summarizes the coding convention.

Type	Code	Description (30 character max)
Endowed Undergraduate Award	EER	EER followed by truncated form of the award name
Endowed Graduate Award	EGS	EGS followed by truncated form of the award name
Trust Undergraduate Award	TER	TER followed by truncated form of the award name
Trust Graduate Award	TGS	TGS followed by truncated form of the award name
Combination - Endowed	EERGS	EERGS followed by truncated form of the award name
Combination - Trust	TERGS	TERGS followed by truncated form of the award name

10. Awards Systems and Reports

The systems and reports itemized below have been established to support the community. Access can be obtained by sending a request to the appropriate contact as follows:

Module / Report	Contact	Email
AWM (awards management information)	Karen Warner	kwerner@yorku.ca
Disbursement Reports (awards allocations)	Oana Alexandru	oana_a@yorku.ca
Summary by Awards Reports (endowments review)	Oana Alexandru	oana_a@yorku.ca

INQUIRIES

Please direct any questions regarding Endowments & Trusts, Fund 600 to the Comptroller's Office, Susan Sidiropoulos, Assistant Comptroller (ssidirop@yorku.ca).