

Off-Campus Bank Accounts for Student Organizations- RSO

As a Registered Student Organization (RSO), it is important to establish financial controls to limit the risk of mismanaging organization funds for off-campus bank accounts. It is a good idea for your organization to establish a bank account in your organization's name that will provide security for the funds as well as additional documentation for transactions.

What financial institution can we use?

Student organizations may select any financial institution (bank, credit union, etc.). The university does not endorse any particular financial institution.

Do we need a Tax Identification Number (EIN)?

Yes! Banks will require a tax identification number (EIN) in order for a student organization to open a new account. Registered Student Organizations are **not** allowed to use Virginia Tech's tax identification number or tax-exempt status. Student organization [apply for an Employer Identification Number \(EIN\)](#) from the IRS. Student organization accounts should not use an individual person's social security number, as any income would need to be reported on their personal taxes. The name on the EIN should match the official GobblerConnect organization name.

Follow these guidelines to help prevent mismanagement of off-campus accounts

- **Require Double Endorsement of Expenses**

Requiring two signatures on checks prevents purchases by check without the consent of a second student organization officer. Paper checks are used less often these days in favor of ATM or check cards. As a result, double endorsement of all expenses is difficult to enforce.

- **Separate Financial Duties**

At least two officers should have access to the organization's account(s). The student organization financial officer should reconcile the bank's financial statements regularly (at least monthly). While the financial officer could theoretically be the second signer on a check, they should not be the primary purchasing officer or have access to a debit or credit card. If so, another person needs to reconcile the bank statements. It is important to establish checks and balances regarding funds.

- **Consider Your Mailing Address**

Student organizations should be mindful when indicating where to receive bank statements and notifications (and tax forms). This way, statements and other notifications that might identify financial mismanagement cannot be easily hidden from the student organization's membership. As officers change and people move residences, be use the mailing address is up to date.

Checks and paper statements are becoming increasingly rare. If statements are being emailed or require online access, multiple recipients or users should be authorized. Try to also use an organizational email account, so the information is not lost in officer transitions.

- **Document ALL Transactions**

Talk with your banking/financial representative to work out the details of your bank account. It is advisable that all banking transactions are handled through checks and deposit slips so there is

a written record of all transactions to minimize any risk of misappropriation or misuse of student organization funds.

In the event that you do need to withdraw cash from your account, fill out a withdrawal ticket for the account, document on your copy of the withdrawal ticket what the cash is to be used for, and attach receipts paid for with cash to clearly show what the cash was used for. Try to avoid using it for any cash withdrawal.

Inform all members in advance that they are expected to provide **original receipts** when making purchases. Whenever possible, handle payment of expenses directly with a check with additional descriptions in the memo line of the check.

- **Keep Records Up to Date and Public to Organization Officers and Members**

The financial officer (treasurer) should prepare a financial report/statement monthly for the organization's officers/Board/full membership. Comparing organizational records (transaction record) against the bank statements. The bank statement should not be used as the source for an organization to record its transactions, as there would be nothing to compare it to for accuracy.

Purposeful mismanagement of funds is difficult to conceal when financial records are made public or readily available to the student organization's members. Public records let members question all expenses, which helps protect against prolonged misuse of funds.

- **Define Consequences for Embezzlement and Fraud**

Address embezzlement in your organization's constitution or bylaws. Include:

- Definitions
- Methods for policing and monitoring bank accounts
- Consequences for breaking the rules

By doing so, the student organization states its intentions to police financial management of organization funds. This acts as a deterrent and leaves no ambiguity about the risk of being caught. The point is to deter the activity and outline a course of action in the rare event embezzlement, fraud, etc. occurs.

- **Transitioning Organization Officers (Updating information on accounts)**

When someone is no longer associated with the student organization, due to graduation or any other reason, be sure to communicate with the bank and have their personal information and access removed from any accounts. If this person is not removed from the account(s), that person and the organization can be held responsible for financial obligations. This may include general account access, passwords/security codes, ATM cards, etc.

Transitions should occur before the officers are no longer associated with the organization to avoid loss of contact information from previous officers. Also, transferring your account status to a current organization member ensures a smooth transition for the organization.

Who do I contact if I have questions?

For specific banking and tax information, please contact Student Legal Services at studentlegalservices@vt.edu. For general student organization finances questions, please contact Scott Nachlis, Assistant Director for Student Org. Finances and Development, at snachlis@vt.edu.