



Establishing and Managing
Income Fund Reimbursable Accounts

Procedure Manual

Business Affairs Office
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Contents	
Introduction	3
Reserve Policy	3
What is an IFR?.....	3
Allocation Levels	4
Relationship of Income to Expenditure	4
Expenditures	5
IFR Assessments.....	5
Overhead Waivers.....	5
Management and Control of IFRs.....	5
Duties, responsibilities, and authority of the budget holders	6
IFR Procedures	6
Getting Started.....	6
Opening an IFR.....	7
Authorized Signatories.....	7
SUNY BI (Business Intelligence).....	8
Procurement Overview	8
Purchasing – Credit Card Program (P-Card).....	8
Purchasing.....	8
Shipping.....	9
Travel	9
Contracts and Memoranda of Understanding (MOU).....	9
Revenue	9
Revenue Contracts.....	9
Cash Handling	10
Non-Student Revenue Collections	10
Journal Transfers and Recharges	10
Additional Procedures.....	10
Invoicing / Billings	10
Course Fee Guidelines.....	11
SUTRA Contract Courses Administrative Procedures	11
Further Information.....	12
Common Terms and Definitions	13

Income Fund Reimbursable Accounts Procedure Manual

Introduction

This handbook provides guidance to SUNY Cobleskill faculty and staff whose responsibilities include management of Income Fund Reimbursable (IFR) accounts. It is intended to ensure compliance with campus, SUNY, and New York State policies and procedures governing all aspects of an IFR account including, but not limited to, establishing accounts, procurement, cash handling, expenditures, and inventory control. SUNY Cobleskill policy maintains that the financial stability of IFR accounts is the responsibility of the President, Provost, and Vice Presidents within whose organizations the accounts reside.

Reserve Policy

Pursuant to SUNY [policy](#), campuses should work to establish and maintain an unrestricted operating reserves (cash available within the operating funds) of at least 10 percent and up to 25 percent of operating disbursements. Through careful financial management and budget review, SUNY Cobleskill is actively working to achieve the required reserve level.

What is an IFR?

The name "IFR" is short for Income Fund Reimbursable. These accounts are a type of State account, and are meant to be self-supporting; they generate revenue and provide goods or services to "customers", and the revenue generated supports the associated expenditures.

SUNY policy provides for the establishment of IFR accounts to be managed within an individual Fund on each campus. The Fund (the total of all accounts within a type of IFR) must have a positive cash balance at all times unless otherwise approved by SUNY System Administration. IFRs support activities related to the college mission and are deemed self-supporting when they operate on a break-even or better basis, including the costs of assessed indirect overhead expenses.

There are four types of Income Fund Reimbursable accounts:

1. General Income Fund Reimbursable (IFR) – Course Fees, Broad-based Fees, facility rentals, sale of goods, other revenue generating activities
2. State University Tuition Reimbursable Account (SUTRA) – Revenue generated by enrollment above the budgeted amount can be spent in these accounts. In addition, this fund allows entrepreneurial incentives for the college to expand enrollment through summer programming, contract courses, and overseas academic programs.
3. Dormitory Income Fund Reimbursable (DIFR)¹ – Revenue/expenditures for the Residence Hall program
4. Hospital Income Fund Reimbursable (HIFR) – Not applicable at SUNY Cobleskill

These types of accounts have clear and defined income/expenditure relationships. Each IFR account must generate revenue sufficient to cover costs incurred and be managed to a positive accrued cash position at the master level (all sub-accounts rolled up to the master account). Adjustments to increase

¹ Although the procedures in this document apply to DIFR accounts, a separate procedure manual for DIFR is in development.

and/or decrease an IFR's accrued cash balance reflect revenues earned (receivables) and expenses incurred (liabilities). Accounts may generate revenue through contracts. In some cases, these contracts require an initial outlay of funds before reimbursement can be requested; that is, the account will immediately be in a negative status. In this instance, approval from the Vice President for Business and Finance will be required.

The Business Affairs Office's budget development process includes Income Fund Reimbursable Accounts. This process assures a reasonable level of annual review of the past operating experience by account, and projects allocation requirements for the upcoming year. Any accounts with accrued structural cash deficits at the master level will be reported to the appropriate Vice President, Dean, and budget holder; a plan for resolving the deficit will be requested.

IFR accounts are subject to the same procurement, contracting, and personnel policies and procedures as State appropriated accounts. The chart below illustrates the major differences between the two kinds of accounts.

IFR	State Appropriated
Self-supporting accounts that generate revenues and provide discrete services	Funds are used to support direct expenditures at campuses
Total SUNY appropriation (spending authority) approved by the Legislature/Governor in State Operations Budget	Total SUNY appropriation (spending authority) approved by the Legislature/Governor in State Operations Budget, with campuses individually identified
Campus level allocations approved by the System Administration Budget Office	Campus level allocations approved by the SUNY Board of Trustees
Generates its own revenue to support its expenditures	Supported by general State revenues (State tax support) and by SUNY revenues (tuition, interest, certain fees, pooled offset).
Able to carry forward cash balances from one fiscal year to the next	Revenue must be spent by the end of the fiscal year
Fringe benefits charged on personnel expenditures. Rate set by NYS Office of the Comptroller. Very limited waivers.	No fringe benefit charges
Charged Administrative and Maintenance/ Operations overhead. Rates set by College. Accounts may be granted waivers at the college level.	No overhead charges

Allocation Levels

The self-supporting nature of IFR accounts requires that revenue and expenditure projections be made each fiscal year. The expenditure plans cannot exceed anticipated revenue and must specify whether expenses will be for personal service, temporary service, supplies and other non-personal expenses, contracts, or equipment. Each fiscal year, Business Affairs requests an IFR Spending Plan during the budget process. The plans are analyzed and in turn used as the basis to establish the allocation (budgetary) levels. Multi-year plans may be requested.

Relationship of Income to Expenditure

The State of New York requires that expenditures in restricted IFR accounts be directly related to the purposes for which income was collected. This means that expenditures made from IFR accounts that

the college has designated as restricted must fall within the stated purpose of the account, must be related to the reason for which revenue was collected, and correspond to the approved rate structure. Any violation of this principle may result in financial penalties to an account or the responsible VP area and could jeopardize the existence of an account. These penalties could include but are not limited to repayment for inappropriate use of student fees or sponsored program accounts and related sanctions by federal/state agencies.

Expenditures

Expenditures in IFR accounts are made through the same [procedures](#) that guide expenditures of State appropriated monies.

IFR Assessments

IFR accounts are assessed in three categories: Fringe Benefits, Administrative Overhead and Maintenance & Operations Overhead. These assessments are reflected monthly as a reduction to revenue.

- Assessment for fringe benefits is charged on salary expenditures for all full and part time staff charged to IFR accounts. The fringe benefit assessment is not charged on salary expenses for graduate assistants or student assistants. The fringe benefit rate changes each year and is established by New York State.
- The assessment rate charged for Administrative Overhead is 6.1% and is charged on the revenue received in the IFR account. This rate is established by the college.
- The assessment rate charged for Maintenance & Operations Overhead is 9.2% and is charged on the revenue received in the IFR account. This rate is established by the college.

Overhead Waivers

Waiver categories for overhead charges may be granted to certain accounts if revenue is received from Federal Funds or RF administered grants, other flow-through funds, or in other limited circumstances. Please contact the Business Affairs Office for guidance. Business Affairs and the Vice President of Business and Finance will review all IFR waiver requests to ascertain whether or not a waiver is appropriate.

Management and Control of IFRs

At SUNY Cobleskill, the financial stability of IFR accounts is the responsibility of the President, Provost, and Vice Presidents within whose organizations the accounts reside. The Chart of Accounts (COA) comprises the official organizational structure. It is the responsibility of the vice-presidential areas to identify this structure in consultation with Business Affairs and to identify the primary budget holder for each account. It is the responsibility of the Business Affairs Office to maintain the COA, to request new accounts from SUNY System Administration, and to work with the VP areas to close inactive accounts. Upon verification from the VP area that an account will no longer be required, Business Affairs will work with the VP area to ensure that the cash balance is zero and any allocation will be remitted back to SUNY Cobleskill's undistributed accounts. Business Affairs will submit a request to System Administration to officially close accounts and remove them from SUNY Cobleskill's COA.

Duties, responsibilities, and authority of the budget holders

Each budget holder must:

1. Budget Responsibly. As part of the annual budget process, request an allocation level sufficient to cover anticipated revenues and expenses.
2. Maintain account integrity. The IFR program for which the account was established must generate sufficient revenues to support operational costs. An accrual basis will be used to assure a break-even status at fiscal year-end.
3. Understand and use SUNY BI. It is critical that budget holders know how to use the SUNY BI reporting system. Training is available from Business Affairs.
4. Review and verify account expenditures regularly – at least monthly – using the online financial systems (SUNY BI) to ensure accuracy. Identify and report inaccuracies to appropriate offices.
5. On an annual basis, verify the accuracy of student fees with the Business Affairs Office and Student Financial Services, including if a fee is no longer necessary.
6. Promptly invoice external parties for services rendered or goods sold unless payment is received at time of exchange.
7. Maintain internal records of accounts receivables. When a department sells goods or services and will receive payment at a future date, this is considered an accounts receivable.
8. Maintain a comprehensive log of all external revenue collected. The log should segregate the external revenue collected if more than one service is generating external revenue.
9. Review and verify account revenue regularly – at least monthly – using the online financial systems (SUNY BI) to ensure accuracy for both external and internal (such as student fees) revenue items. Identify and report inaccuracies to appropriate offices.
10. Promptly approve and forward for payment all invoices received by the unit.
11. For areas with inventories:
 - a. Understand and follow the [Property Control process](#).
 - b. Maintain perpetual inventory records. The department must record all increases (inventory purchase) and decreases (customer sales) to their inventory records.
 - c. Complete a detailed inventory at the end of each fiscal year (no later than June 30th.) Two staff (the operation's manager and an employee) should create a detailed listing of all items, including the item description, quantity on hand at June 30th, cost of item (not retail value) and the retail value. The operation's manager and an employee who participated in the physical count will sign the documentation. Any variances between the physical and perpetual inventories must be documented.
 - d. Dispose of inventory properly in coordination with the Business Affairs Office.
12. Ensure any legal agreements, including but not limited to contracts, MOUs and MOAs, between the College and an external party are reviewed and signed by the Business Affairs Office.

All account actions are the responsibility of the individual VP areas, budget holders, and designees. Consequently, departments must submit all requests for new accounts to their Dean and Vice President for approval prior to submitting to Business Affairs. Allocation and expenditure transfers must be approved by the appropriate budget holders prior to submission to Business Affairs.

IFR Procedures

Getting Started

There are many entities/agencies which support the operations of SUNY Cobleskill and provide funding

for departments and programs. To determine which account mechanism should be used can be challenging, consult with Business Affairs for guidance.

Opening an IFR

An IFR account should be used whenever the activity is State activity. In general, all revenue-generating activity should go through an IFR, with exceptions identified in number one, below. To request an IFR account:

1. Determine what the account is to be used for, the source of revenue, and the frequency of revenue generation. Consult the Business Affairs Office to determine the appropriate account type.
 - a. Does revenue come from students? Does the revenue support academic programming? If so, this is likely an IFR.
 - b. Is this a one-time gift with no specific reporting requirements? If so, this may be funding which should be managed through the Advancement Office.
 - c. Is it a grant or contract? Is there a binding agreement with expected results, regular reports, and/or deliverables to be provided to the funder? If so, this may more appropriately be considered Sponsored Research/Activity and should be managed through the Research Foundation.
2. How much revenue will this account generate? What will your expenses (budget) be? A budget template is available from the Business Affairs Office.
3. If the IFR account will be for a service supported by a user fee:
 - a. Determine what the services are and what the user fee is supporting.
 - b. Contact Business Affairs for assistance in calculating the user fee. This may be achieved by determining the projected annual expenses and the annual unit of service (hours, number of activities etc.)
 - c. Submit to your Dean or Vice President for their approval.
 - d. The VP will submit the approved fee request to the Business Affairs Office.
 - e. Business Affairs will review the request and then submit to the VP for Business and Finance for approval. When required by SUNY policy, the request will also be forwarded to the College President for their approval.
 - f. Once all College approvals are in place, requests are sent to SUNY System Administration (SUNY) for final approval, if applicable. Student Fees require approval from SUNY System Administration.
4. Business Affairs will submit the request to SUNY to create the new IFR account.
5. Upon final approval, Business Affairs will inform all interested parties of the approval or denial of the fees, and the status of the new IFR account.

Authorized Signatories

Once an account is established, budget holders must receive permission to view and use the funds. For each State or IFR account a "Record of Authorized Signatures for Fiscal Transactions" must be maintained and filed with the Business Affairs Office. This record allows the budget holder to designate individuals who will be authorized to spend and view transactions within the account. This record may be submitted using this [link](#).

SUNY BI (Business Intelligence)

SUNY BI is a web-based application developed by SUNY for viewing account information. It consists of multiple financial dashboards. This is an integrated tool that generates many reports to view account balances, month end balances, cash balances, revenue and expenditures. SUNY BI has extensive additional capabilities; permissions/access to other dashboards or business areas are based on need as it applies to an individual's job responsibilities.

Access to BI may be obtained with the approval of the user's supervisor. Training for SUNY BI is available upon request from Business Affairs. Access to BI will be made available after training is completed.

Example information available from SUNY BI

The SUNY BI Account Inquiry and Dashboard reports provide detail and summary information for all levels of management:

1. Allocation
2. Monthly and cumulative expenditure data
3. Encumbrances
4. Total funds committed
5. Balances available at month end
6. Open Purchase Orders
7. Payroll information (detailed information limited to authorized users)
8. Revenue information

Income Fund Reimbursable (IFR) accounts, which are the only State accounts that can collect cash at the account level, have additional dashboards reflecting cash and collections. These reports assist stakeholders in understanding an account's cash position.

Account	Fiscal Year	Account Local Desc	Beginning Cash Balance (+)	Revenue (+)	Fringe Benefit (+)	Overhead (+)	Maintenance (+)	Prior Yr Disbursements (-)	Current Disbursements (-)	Ending Cash Balance (+)	Prior Yr Encumbrances (-)	Current Encumbrances (-)	Fringe Accrued (-)	Overhead Accrued (-)	Maintenance Accrued (-)	Prior Yr Expenditures (-)	Current Expenditures (-)	Uncommitted Balance (+)
Grand Total			8,494.31	1,257.30	0.00	-76.11	-114.75	0.00	0.00	9,560.75	0.00	0.00	0.00	1.22	1.84	0.00	0.00	9,557.69
90XXXX	21-22	SAMPLE ACCOUNT	8,494.31	1,257.30	0.00	-76.11	-114.75	0.00	0.00	9,560.75	0.00	0.00	0.00	1.22	1.84	0.00	0.00	9,557.69

Account begins with 90XXXX
 and Fiscal Year is equal to 21-22
 and Charge Agency Name is equal to Cobleskill
 and Sub Fund Group is equal to General IFR
 and Sub Fund Group is equal to General IFR, SUTRA, Stabilization Fund, Dormitory Sponsored, Hospital Sponsored

Figure 1: Sample BI Report -- "Cash by Account Summary"

Procurement Overview

State Operating funds and IFR funds are covered by the State Finance Law and Flexibility Legislation applicable to the State University. These laws and regulations apply to all College departments and activities using State Operating and IFR Funds. Please see the [Purchasing](#) web page for more detailed information.

Purchasing – Credit Card Program (P-Card)

Please see the [Purchasing Credit Card Program](#) for detailed information.

Purchasing

Purchase Requisitions are the appropriate tool to request the acquisition of a product and/or service. A Purchase Order (PO) will be created with the requisition and a quote as the initial supporting

documentation. POs are treated like a contract; they are binding agreements to procure and make payment upon receiving the goods and/or services.

Requisitions and POs will encumber funds directly to an account; "placing a hold" on these funds will prevent them from being used to purchase anything else. Requisitions and POs are an excellent way to monitor and expedite purchase requests using State funds. Please see the [Purchasing](#) web page for more detailed information on purchase requisitions and encumbering funds.

IMPORTANT NOTE: When a purchase order is created, an encumbrance is made against the account's allocation. When requesting an account's initial allocation, the request should be based on the anticipated annual revenue and expenditures. If cash is greater than anticipated and expenditures are necessary, a request for additional allocation should be made to Business Affairs Office, which shall obtain approval from the VP for Business and Finance.

REMEMBER: Accounts need allocation to spend cash, and cash (actual or projected) is necessary to receive allocation.

Shipping

All freight/shipping expenses should be included on the invoice and will be encumbered on the Purchase Order.

Travel

All domestic travel should be requested through the ETrav [link](#). ETrav is a tool adopted by SUNY Cobleskill to streamline and expedite the handling of travel requests and vouchering. All employees are required to use the ETrav system for domestic travel. All international travel must still use a paper travel request form and request for reimbursement using a travel voucher.

Contracts and Memoranda of Understanding (MOU)

All contracts, licenses, Memoranda of Understanding and Agreements, including revenue-generating agreements, must be processed through Business Affairs. Many contracts can be executed locally without prior approval by other State agencies, however, the College is liable for all aspects of contractual agreements, both stated and implied. The President has designated select individuals to sign contracts on behalf of the College. All agreements for State, DIFR, and IFR funds should flow through Business Affairs for preparation and signature. Sufficient lead-time must be allowed for local college review and SUNY Counsel's review of the legal form for each contract, as needed.

Revenue

Revenue Contracts

A Revenue Contract is a contract in which the College is providing goods/services to another party and receiving compensation. For example, in a hypothetical agreement between a campus and Verizon, Verizon would be allowed to use college property to install a cell phone tower and would compensate the owner of the property (the college.)

In accordance with NYS Finance Law and [SUNY Procedure 7553](#), approvals from the NYS Attorney General and the NYS Office of the State Comptroller are required for revenue contracts at \$25,000 and

above. Contracts under this amount can be approved at the college level. Departments are required to aggregate revenue streams with individual vendors in order to adequately calculate the total contract value. Departments must also demonstrate to NYS the revenue the College receives is fair and reasonable. Questions regarding Revenue Contracts may be directed to Business Affairs.

Cash Handling

Most of the College cash transactions occur at and are managed by Student Financial Services. They are responsible for collecting the College's accounts receivables. However, a significant number of smaller transactions are, for reasons of effective and efficient operation, handled by individuals in various operating units. While departments need the ability to handle these cash transactions, they must also accept responsibility to administer these transactions with sufficient internal controls and must request approval to collect cash from Business Affairs (see [procedures](#)).

Non-Student Revenue Collections

IFR accounts rely upon revenues generated to fund their operations. It is essential that projects collect all funds to prevent a revenue shortfall. It may be practical to collect funds at the time of service rather than issue an invoice. In these instances departments must comply with the College's [Cash Handling Procedures](#). Payment for goods received or services rendered may be by cash, checks made payable to "SUNY Cobleskill" with the appropriate IFR account number written on the check, or by prior arrangement with the Business Affairs Office, by credit card.

Journal Transfers and Recharges

Interdepartmental Journal Transfers and Recharges are an appropriate means to process an expenditure transfer for services provided between State appropriated, Hospital, DIFR, and IFR accounts. This process will transfer expenditures equaling the amount charged from the account providing the goods or service to the account receiving the goods or service.

Include the following information on the [request form](#):

- Account transferring the expense (provider of goods or service)
- Account receiving the expense (receiver of good or service)
- Description of charge/service
- Period of coverage or date of service
- Fiscal year of the expenses
- Amount
- Authorized Signatures (email approvals accepted)

Additional Procedures

The following procedures provide for the minimum level of internal controls that should be in place over College revenue-generating operations. Please keep in mind no cash collection activity should be implemented without the review and approval by Business Affairs. Additional controls may be required by Business Affairs at any time.

Invoicing / Billings

The following procedure should be followed when invoicing/billing a client (whether internal or external) for goods and services. When a person or department receives goods or services, and will pay

for them at a future date, it is important that a receivable be recorded within the department. Invoicing/Billings and Receivables may be tracked through a bookkeeping system, Excel spreadsheet or manually recorded. Information tracked should include:

- Invoice Date: Date invoice was sent to customer (this should be within 3 business days of delivering goods/rendering services)
- Invoice number: A sequential numbered invoicing process should be utilized. We suggest a combination of the IFR account number/fiscal year, i.e. 19-90012300-1/ In this example 19 represents the fiscal year 19/20, the 90012300 is the IFR account to be deposited, the 1 means this is the first invoice to be generated for this account number for the fiscal year.
- Customer Name
- IFR Account number: for funds to be deposited or journal transferred into
- Short description of transaction
- Amount Due
- Due Date for Payment

In addition to recording the receivable, a copy of the open invoice should be maintained. Experience has shown timely monitoring and follow-up on outstanding invoices greatly enhances the collection process. Departments are primarily responsible for collecting the amounts billed and for the necessary follow-up on outstanding invoices. When an invoice is not paid within a reasonable amount of time (30 days) the following actions should be taken:

1. Issue letter requesting immediate payment and retain copies of these letters.
2. No further service should be given to a client who has a past due invoice

When payment is received, departments must comply with the guidelines set forth in the [Cash Collections Procedures](#) listed on the Business Affairs web page. In the event an Accounts Receivable is unable to be collected, please work with your VP and contact the Business Affairs Office for further guidance.

Course Fee Guidelines

Fees for credit-bearing academic courses require approval from SUNY. To maintain proper internal controls, there should be no “ad hoc” collection of fees directly from students.

Requests for course fees must include documentation and justification of the need for the charges and a budget for the funds accruing from the fee. Any changes to course number or course additions to an existing fee must be formally communicated to the Accounting office with approval letters from department Chair, Dean, and Provost Offices. All changes or additions must be approved by SUNY before charging the fee. All new fees and increases to existing fees must be reviewed with the department's VP Coordinator before submission to Accounting.

SUTRA Contract Courses Administrative Procedures

Administrative procedures applicable to State University Tuition Reimbursable Account (SUTRA) contract courses are available upon request. As is the case with all College degree programs and advanced certificates, these courses may require an academic review by the curriculum committee, Provost, President, and SUNY System Administration according to and consistent with all pertinent local and SUNY policies, procedures, and regulations.

Further Information

For additional information or support, please contact the Business Affairs Office.

<https://www.cobleskill.edu/about/offices-services/business-affairs/staff.aspx>

Common Terms and Definitions

Accrued/Encumbered AOH	Overhead assessment on the current month's revenue.
Accrued/Encumbered Fringe Benefit	Fringe benefit assessments on the current month's payroll expenditures.
Administrative Overhead (AOH)	Overhead charge on the account's prior month revenue.
Allocation	The distribution of appropriation authority to campuses and departments for expenditure control
Appropriation	The authority to spend up to the amount indicated and for the purpose stated (as approved in the NYS enacted budget)
Beginning Cash Balance	The account's prior month or year ending cash balance
Disbursement (Current)	Current year expenditures. (OSC has cut the check)
Disbursements (Prior)	Payments made after 6/30 but before 9/30 (Lapsing Funds Period) for the prior fiscal year. These payments affect prior year allocation, but reduce new year cash. (OSC has cut the check).
Encumbrances (Current)	Current year items that have not been completely processed and paid. (OSC has not cut the check).
Encumbrances (Prior)	Prior year items that have not been completed processed and paid. (OSC has not cut the check yet). Amounts displayed here only during the Lapsing Funds Period. By 9/30 all items must be paid or disencumbered.
Ending Cash Balance	Cash balance after expenses have been paid, but does not include encumbered and accrued items.
Expenditure (Current)	Current year expenditures have been completed on the local system, but OSC has not cut the check. When the check is cut, the expenditure will become the disbursement.
Expenditure (Prior)	Prior year expenditures have been completed on the local system, but OSC has not cut the check. When the check is cut, the expenditure will become the disbursement.
Fringe Benefit	Fringe Benefit charge on prior month's payroll expenditures
Lapsing Funds Period	Period of time payments may be made for prior fiscal year purchases.
Maintenance/Operations	Overhead charge on the account's prior month revenue.
Master Account	An account at the 6-digit level XXXXXX
Office of the State Comptroller (OSC)	OSC is the fiscal agent for SUNY and payments to vendors are processed via ACH or a check.
Receivables	Revenue owed to the College
Revenue	The account's collections/deposits
Sub Account	An account at the 8-digit level XXXXXX-XX. Subs roll into a master account.
Uncommitted Cash Balance	Remaining cash after paid expenses, encumbered items and accrued items are accounted for. NOTE: Does not reflect future revenues.