

# Financial Services Manual (FIN)

## FIN 214: Custodial and Clearing Activities (Fiduciary Activities)

Effective: 3/1/2005

Revised: 7/1/2022

### Purpose

To describe custodial and clearing activities (fiduciary activities)

### Source

University policy

### Background

Custodial and Clearing activities are established and maintained by Financial Services separate from university Foundation Data Model (FDM) values within its Financial Management System (FMS).

### Custodial Activities

ASU maintains relationships with external organizations that are financially independent from ASU that utilize Workday to account for their activities and track their funds that are on deposit with ASU (custodial activities). Typical Custodial activities, with examples, are:

1. legally-separate, but affiliated organizations (e.g., Residential Hall Association fundraising)
2. external unaffiliated organization's events at ASU (e.g., NCAA Regional Basketball Championship)
3. external unaffiliated organization's conferences (e.g., National Educational Computing Conference)
4. external unaffiliated organization's operations (e.g., Rocky Mountain Math Consortium)
5. journal publications (e.g. German Studies Review)

In some situations, it may not be clear if a new activity constitutes a custodial relationship between ASU and an external organization. The presence of the following might help to indicate whether an activity is a custodial relationship:

1. the funding source is registration fees, subscriptions, or other revenues made payable to an external organization that is legally separate from ASU
2. when the relationship is ended, any remaining balance belongs to an external organization
3. expenses are the responsibility of an external organization other than ASU

and

4. the majority of the funding is sourced from external entities and ASU does not maintain any rights to the revenue streams

### Clearing Activities

Functions to centrally process payments related to payroll, insurance proceeds, and other functions where costs are accumulated to be centrally paid to external vendors are considered clearing fund activities.

Please contact [Financial Services](#) for a determination about whether the funds should be accounted as a Custodial or Clearing activity.

## **Policy**

ASU maintains fiduciary responsibility for all Custodial and Clearing activities as long as they reside in ASU's financial system. The following apply to all Custodial and Clearing activities:

1. Custodial and Clearing activities are required to follow university policies and procedures. Specific exceptions to university policies and procedures must be preauthorized in writing by the vice president for finance and deputy treasurer.
2. Custodial and Clearing activities that function primarily as payroll clearing accounts or that incur significant payroll-related expenses are not assessed an administrative services charge by ASU.
3. Custodial activities are expected to maintain positive balances. In situations where Custodial activities incur a negative balance, the deficit must be investigated and funded in consultation with Financial Services. Financial Services and the responsible Dean/VP reserves the right to allow for exceptions to the funding of negative balances.
4. Custodial activities with recurring deficits not funded within a reasonable timeframe may be subject to a special administrative services charge in order to recoup investment income lost by the university, at the discretion of Financial Services.
5. Custodial activities are not to be identified as a part of ASU and may not use any of ASU's identifying numbers, e.g., tax identification number. Questions should be referred to the [ASU Office of General Counsel](#).
6. Custodial activities may not use ASU's name or logo without specific written approval of the appropriate university office. Questions should be referred to the ASU Office of General Counsel.
7. Custodial activities are prohibited from being classified as "capital" spend categories or "gifts" revenue categories in order to simplify the accounting for university assets and gifts.
8. Revenue belonging to ASU must not be deposited to nor recorded in a Custodial activities account.
9. Custodial activities are generally prohibited from using transfer in or out because it signifies an internal transfer of university funds. Clearing activities pay use transfer in or out spend categories at the discretion of Financial Services.
10. Checks for payment or sponsorship for deposit to a Custodial activity should be made payable to the title of the account or sponsoring organization for the account.