UTEP
OFFICE OF
INSTITUTIONAL COMPLIANCE

Gift and Endowment Compliance Certification

What is covered?

- Purpose of Gift and Endowment Compliance Program
- The role of Institutional Advancement
- Gift fund types
- Endowment Compliance Report
- The role as a Cost Center Approver
- Institutional Advancement's Do's and Don'ts
- FundMiner
- Compliance examples
- **Teachable Takeaways**
- Additional resources

Purpose of Gift and Endowment Compliance Program

- To honor donor intent by appropriate use of gift funds, confirmed by timely reporting
- To utilize endowment and gift resources most effectively
- To standardize management of endowment and gift funds
- To ensure awareness of compliance issues across campus
- To encourage philanthropy through increased donor trust

The role of Institutional Advancement

- The Office of Institutional Advancement (IA) is responsible for the acceptance and management of endowments and gift funds, which includes but is not limited to:
  - Working with UT System's Office of Development and Gift Planning Services to establish new endowments and gift funds. New endowments and gift funds may **only** be established through the IA Office.
  - Distributing endowment and gift reports to internal and external parties in a timely manner.
  - Maintaining all records associated with endowments and gifts.
  - Training cost center approvers to ensure that funds are properly managed.

Gift fund types

- **Current Use Gift Fund**: outright gifts available for use according to the agreement purpose without being invested.
- **Endowment**: a fund permanently invested, which distributes earnings that support the endowment agreement purpose. Only the investment income generated from the corpus or principal amount is distributed and spendable by the University. The principal is held in perpetuity (forever).
- **Quasi Endowment**: an endowment created when the institution elects to invest available resources as if they were subject to endowment restrictions.
- **Gift in Kind**: any gift to the University that is not money. i.e., equipment/art/property/services

Endowment Compliance Report

- The Office of Institutional Advancement submits an annual report to the University of Texas System (UT System) detailing the financial activity of all endowments.
- The main areas of reporting include non-spending, excess accumulation, inappropriate spending, scholarship awards, and endowed faculty appointments.
  - **Non-Spending**: No more than 20% should go unspent during the reporting period. No more than 5% of endowments reviewed should go unspent during the reporting period without a justifiable reason.
  - **Excess Accumulation**: No more than 20% should have excessive accumulations (more than two years' worth of annual distribution). No more than 5% of endowments reviewed should have excessive accumulations without a justifiable reason.
  - **Inappropriate Spending**: Expenses should be in line with the agreement purpose; Any expenses that are identified as inappropriate shall be remedied immediately.
  - **Scholarship Awards**: All scholarships should be awarded each year.
  - **Endowed Faculty Appointments**: Should not go unfilled for more than three years. Additional scrutiny is placed on positions that have been unfilled for five or more years.

Mid-module questions

Question #1 (Refer to Slide #3)

Where should you deposit Gift Funds?

a. Student Business Services
b. The Office of Institutional Advancement
c. Office of Scholarships
d. Provost Office

Question #2 (Refer to Slide #3)

What would <u>not</u> be an example of a Gift in Kind?

a. 3-D Printer
b. $10,000
c. Painting of Don Haskins
d. Catering of an event

Question #3 (Refer to Slide #4)

What areas are reported on for the annual Endowment Compliance Report?

a. Scholarships
b. Non-Spending and Excess Accumulation
c. Current-use funds
d. Both a and b

Your role as a Cost Center Approver

1. **Spend** current-use funds and endowments in accordance with the agreement and/or amendment purpose and terms:
   - It is the responsibility of the cost center approver to monitor all expenditures associated with the funds' operating cost center.
   - Inappropriate expenditures must be corrected as soon as identified.
2. **Monitor** non-spending of all gift funds and excessive accumulations of endowment distributions:
   - Current-use funds and endowments are meant to be spent; they are not rainy-day funds.
   - An endowment cost center balance should not exceed the UTEP standard of 2X the annual distribution amount (2 years of accumulation) unless there is a valid reason for accumulation outlined in an approved Spending/Savings Plan.
   - Endowments that have zero expenditures or excess accumulation at the end of the fiscal year must have an approved Spending/Savings Plan on file with Institutional Advancement.
3. **Submit** Impact Report (Stewardship/Donor Use Report):
   - All endowment and scholarship cost center approvers are responsible for submitting a report or letter addressed to the donor to thank them and detail how the funds were used in the previous fiscal year.
   - These are due September 30th of each year.
4. **Reconcile** cost centers in PeopleSoft:
   - It is the responsibility of the cost center approver to ensure that all endowment and gift cost centers are reconciled on a monthly basis.
   - Reconciling is also a great way to catch inappropriate expenditures.

Institutional Advancement’s Do’s and Don'ts

- **DO:**
  - Submit gift agreements or proposals, and all related documentation, to The Office of Institutional Advancement (IA) for signatures and processing.
    - Only the Vice President of IA has signature authority on gifts
  - Work with your College’s Development Officer on any incoming donations
  - Bring all gift funds received directly to IA
    - Mike Loya Building, Room 223; ask for gift processing
  - Thank donors for gifts
  - Ask IA questions
- **DON’T:**
  - Accept UTEP funds to your personal account
  - Use your personal home address for paperwork
  - Deposit gift funds anywhere, but IA
  - Sign gift agreements
  - Copy donors on internal communications
  - Create invoices or receipts
    - Contact **giftprocessing@utep.edu** if you need one

FundMiner

- **FundMiner** is your one-stop shop to monitor your gifts and endowments. It holds information from Raiser's Edge (UTEP CRM), PeopleSoft (Budget), UTIMCO (Investment Company), and Banner (Scholarship System).

- All department and cost center approvers, reconcilers, and support staff who assist with funds can receive access to FundMiner.

- To request access and to receive training, please contact **Gift Services and Compliance** at **IACompliance@utep.edu**.

- **Information you can find on FundMiner**:
  - **Purpose** – How your fund can and should be used
  - **Compliance Status** – The current state of your fund
  - **Annual Distribution** – How much your endowed funds earn each year
  - **Book and Market Value** – Principal gift amount and gift amount plus gains and losses
  - **Budget Information** – Beginning/Available Budget/Expenses/etc.
  - **Scholarship Recipients** – Data going back to 2015
  - **Faculty Recipients** – Current Appointment
  - **Documentation** – Agreement/Financial Reports/Impact Reports

Compliance examples

1. What compliance status would the below reflect?

Beginning Balance	$17,000	(from prior year)
+Annual Distribution:	$10,000	
-Expenditures:	$ 8,000	
Cost Center Balance:	$19,000	

a. Zero Expenditures
b. In Compliance
c. Excessive Accumulation
d. None of the above

2. What compliance status would the below reflect?

Beginning Balance	$17,000	(from prior year)
+Annual Distribution:	$10,000	
-Expenditures:	$ 5,000	
Cost Center Balance:	$22,000	

a. Zero Expenditures
b. In Compliance
c. Excessive Accumulation
d. None of the above

3. What compliance status would the below reflect?

Beginning Balance	$17,000	(from prior year)
+Annual Distribution:	$10,000	
-Expenditures:	$ 0,000	
Cost Center Balance:	$17,000	

a. Zero Expenditures
b. In Compliance
c. Excessive Accumulation
d. None of the above

Teachable Takeaways

- The purpose of the Gift and Endowment Compliance Program is to honor donor intent by ensuring funds are utilized effectively and spreading awareness of compliance issues across campus.

- The main difference between current-use funds and permanent endowments is that permanent endowments last in perpetuity, while current-use funds do not.

- All gift funds received should be sent to the Office of Institutional Advancement for processing.

- We report to UT System annually on the financial activity for all endowed funds.

- **FundMiner is a great resource to help monitor your gifts and endowments.**

- The role of the cost center approver is to expend funds, monitor and reconcile their cost centers, and submit annual impact reports.

- Endowment cost centers should never have zero expenditures, nor over-accumulate more than two years’ worth of the annual distribution.

- If you need an invoice or receipt, contact Gift Processing in the Office of Institutional Advancement.

Additional resources

- **UTS 117 Endowment Compliance Plan Systemwide Standards and Guidelines**
  https://www.utsystem.edu/sites/policy-library/policies/uts-117-endowment-compliance-plan-systemwide-standards-and-guidelines

- **UTS 138 Gift Acceptance Procedures**
  https://www.utsystem.edu/board-of-regents/policy-library/policies/uts-138-gift-acceptance-procedures

- **Handbook of Operating Procedures Section XI, Chapter 1**
  https://www.utep.edu/hoop/section-11/ch-1.html

- **FundMiner –** Fund Management Tool
  https://fundminer.com/

- **For Gift and Endowment related questions, please contact:**
  IA Compliance@utep.edu

End-module questions

Question #1 (Refer to Slide #6)

If your endowment has zero expenditures or excessive accumulation in any given year, what action must the cost center approver take?

a. No action needed
b. Submit an Impact Report
c. Submit Spending/Savings Plan
d. None of the above

Question #2 (Refer to Slide #7)

Who has the authority to sign off on gift agreements?

a. Dean of the College of Science
b. Vice President of Institutional Advancement
c. Chief of Staff
d. Vice President of Business Affairs

Question #3 (Refer to Slide #8)

Where can you find information on the funds you manage?

a. FundMiner
b. My.utep.edu
c. Google
d. GEMS