**13.1 Overview of University Fund Accounting**

**Policy Statement**

Units should understand the fundamentals of fund accounting, how fund accounting at the University of Illinois System works, and how they need to process their transactions within fund accounting guidelines.

**Reason for the Policy**

The system receives funding from a variety of sources that have varying levels of restrictions and guidelines which must be followed. As a non-profit governmental institution, the system uses fund accounting to properly categorize these resources, which helps the system monitor and comply with these various restrictions and guidelines.

**Applicability of the Policy**

All units that have financial activity within Banner.

**Procedure**

Any employee with responsibility for managing business and financial activity within Banner should be properly trained. The system offers a variety of training resources, such as [Introduction to Banner and Finance](https://www.obfs.uillinois.edu/training/materials/intro-banner-finance/) and [Accounting & Financial Reporting Training Materials](https://www.obfs.uillinois.edu/training/materials/accounting/). Units should also refer to [1.1.5 How Accounting is Conducted at the University of Illinois](https://www.obfs.uillinois.edu/bfpp/section-1-intro-business-financial-functions/how-accounting-is-conducted) for a description of the accounting environment at the system. Employees are also encouraged to contact University Accounting and Financial Reporting (UAFR) with any accounting-related questions.

In addition to being properly trained, see below for several good business practices to follow that will help ensure compliance with fund accounting guidelines.

**Ensure Financial Resources are Recorded within the Proper Fund Type**

To ensure that the variety of financial resources that the system receives are properly segregated in compliance with fund accounting guidelines, it is essential to ensure that these resources are recorded within the correct fund type. For example:

* Student tuition is typically recorded in the Income Fund.
* Donations are typically recorded in a gift fund.
* Sales of goods and services are typically recorded in a self-supporting or service plan fund.

**Ensure Financial Transactions are Recorded Correctly**

It is important to ensure that all financial transactions are recorded to Banner using the proper accounting standards. For example:

* All sales should be recorded to an applicable revenue account code (not as a credit to an expense account code) on the appropriate fund type.
* All expenses should be recorded to an applicable expense account code which accurately reflects the purpose of the expenditure.
* All fund transfers should be processed using the applicable funds transfer account code.
* Budget transfers should be processes via your university budget office.
* The program code utilized for your financial transactions should properly reflect the correct NACUBO function.

**Related Policies and Procedures**  
[1.1.5 How Accounting is Conducted at the University of Illinois](https://www.obfs.uillinois.edu/bfpp/section-1-intro-business-financial-functions/how-accounting-is-conducted)  
[University Funds](https://www.obfs.uillinois.edu/bfpp/section-13-accounting/fund-types)

**13.2 C-FOAPAL Segments**

**Policy Statement**

Units must properly manage their C-FOAPAL segments.

**Reason for the Policy**

To ensure accurate reporting for the University of Illinois System’s audited financial statements.

**Applicability of the Policy**

All units that have financial activity within Banner.

**Procedure**

Any employee who manages their C-FOAPAL segments within Banner (such as establishing, monitoring, editing, and/or terminating) should be properly trained. The system offers a variety of training resources, such as [Introduction to Banner and Finance](https://www.obfs.uillinois.edu/training/materials/intro-banner-finance/). In addition, employees are encouraged to contact [University Accounting and Financial Reporting (UAFR)](https://www.obfs.uillinois.edu/accounting-financial-reporting/who-to-ask/) with any questions.

In addition, see below for a brief overview of the unique aspects of each C-FOAPAL segment.

**C – Chart:**

A one-digit code which refers to either a specific university or the System Offices:

* Chart 1 = University of Illinois at Urbana-Champaign
* Chart 2 = University of Illinois at Chicago
* Chart 4 = University of Illinois at Springfield
* Chart 9 = University of Illinois System Offices

**F – Fund:**

A six-digit code which identifies the funding source and/or source of revenue for accounting and financial reporting purposes.

To request a new Fund code complete the *Banner Fund, Program, Index Code Request Form* located at [Accounting & Financial Reporting Forms](https://www.obfs.uillinois.edu/forms/accounting-financial-reporting/).

For requests to update or terminate existing Fund codes, submit an email request containing the applicable chart and code numbers to be updated, along with details of the changes you would like made, to [uas@uillinois.edu](mailto:uas@uillinois.edu).

**O – Organization:**

A six-digit code that represents which unit owns and is responsible for a transaction.

To request a new Organization code complete the *Banner Organization Code Request Form* located at [Accounting & Financial Reporting Forms](https://www.obfs.uillinois.edu/forms/accounting-financial-reporting/).

To update or terminate existing Org codes, submit an email request containing the applicable chart and code numbers to be updated along with details of the changes you would like made to [uas@uillinois.edu](mailto:uas@uillinois.edu).

**A – Account:**

A five or six-digit code that designates the transaction as an expense, revenue, transfer, asset, or liability.

The [Account Code Search](https://apps.obfs.uillinois.edu/accountcodesearch/) application is an easy way to identify the appropriate Account code to use for various transactions. Visit [Banner Account Codes](https://www.obfs.uillinois.edu/accounting-financial-reporting/banner-account-codes/) page for more information.

To request a new Account code, complete the *Banner Account Code Request Form* located at [Accounting & Financial Reporting Forms](https://www.obfs.uillinois.edu/forms/accounting-financial-reporting/).

To recommend any improvements or changes to an existing Account Code, submit an email request containing the applicable chart and code numbers to be updated along with details of the changes you would like made to [uas@uillinois.edu](mailto:uas@uillinois.edu).

**P – Program:**

A six-digit code which identifies the “function” of the activity according to standard definitions developed by the National Association of College and University Business Officers (NACUBO) for higher education operating activity. This code also helps distinguish between a unit’s operational activities within fund types that may record multiple activities in a single fund (e.g., State, Institutional, Self-Supporting, Service Plan, and Federal Ag Research fund types).

For further details, see the [Banner Program Codes and NACUBO Function Assignment](https://www.obfs.uillinois.edu/common/pages/DisplayFile.aspx?itemId=96151) resource.

To request a new Program code, complete the *Banner Fund, Program, Index Code Request Form* located at [Accounting & Financial Reporting Forms](https://www.obfs.uillinois.edu/forms/accounting-financial-reporting/).

To update or terminate existing Program Codes, submit an email request containing the applicable chart and code numbers to be updated along with details of the changes you would like made to [uas@uillinois.edu](mailto:uas@uillinois.edu).

**A – Activity (Optional):**

An optional three or six-digit code that may be used to track specific financial activities or projects.

A list of [Generic Activity Codes](https://www.obfs.uillinois.edu/common/pages/DisplayFile.aspx?itemId=340888) are open for use by any department and for any purpose.

If you would like to request Activity codes specific to your department, complete the *Banner Activity Code Request Form* located at [Accounting & Financial Reporting Forms](https://www.obfs.uillinois.edu/forms/accounting-financial-reporting/).

To update or terminate existing Activity codes, submit an email request containing the applicable chart and code numbers to be updated along with details of the changes you would like made to [uas@uillinois.edu](mailto:uas@uillinois.edu).

**L – Location (Optional):**

An optional six-digit code that is primarily used (but not limited to) the Fixed Asset module to designate the physical location of an asset, such as a building and room number.

To request a new Location code complete the *Banner Location Code Request Form* located at [Accounting & Financial Reporting Forms](https://www.obfs.uillinois.edu/forms/accounting-financial-reporting/).

To update or terminate existing Location codes, submit an email request containing the applicable chart and code numbers to be updated along with details of the changes you would like made to [uas@uillinois.edu](mailto:uas@uillinois.edu).

**Index Code (Optional):**

An optional six-digit code that may be used to conserve keystrokes when typing out your full C-FOAPAL accounting string. Index codes are created by UAFR at a user’s request. These Index codes are unit-specific and assign a default Fund, Organization, and Program code combination.

For example, instead of typing out the full 37-character C-FOAPAL in a Banner journal voucher, an Index code allows you to type a six-digit code that auto-fills the entire C-FOAPAL string into that Banner journal voucher.

All Index codes containing a State or Federal Work Study fund will be updated automatically on July 1 to reflect the new Fiscal Year fund code.

To request a new Index code, complete the *Banner Multiple Index Code Request Form* located at [Accounting & Financial Reporting Forms](https://www.obfs.uillinois.edu/forms/accounting-financial-reporting/).

To update or terminate existing Index codes, submit an email request containing the applicable chart and code numbers to be updated along with details of the changes you would like made to [uas@uillinois.edu](mailto:uas@uillinois.edu).

**Related Policies and Procedures**  
[1.1.5 How Accounting is Conducted at the University of Illinois](https://www.obfs.uillinois.edu/bfpp/section-1-intro-business-financial-functions/how-accounting-is-conducted)  
[University Funds](https://www.obfs.uillinois.edu/bfpp/section-13-accounting/fund-types)

**13.3 Journal Vouchers and Other Internal Transactions**

**Policy Statement**

Units must ensure that journal vouchers and other internal transactions are processed in Banner accurately and timely.

**Reason for the Policy**

To ensure accurate reporting for the University of Illinois System’s audited financial statements.

**Applicability of the Policy**

All employees that process journal vouchers and other internal transactions (such as feeders) within Banner.

**Procedure**

Any employee who processes and/or reviews journal vouchers or other internal transactions needs to be properly trained. The system recommends that employees gain this knowledge by successfully completing the [Journal Voucher Processing Certification](https://www.obfs.uillinois.edu/certification/tracks/) track. In addition, you may also consider registering for [Journal Voucher Processing](https://www.obfs.uillinois.edu/cms/One.aspx?portalId=77176&pageId=91714#transactionprocessing) course, which is an instructor-led training session.

In addition to being properly trained, see below for several good business practices to follow that will help ensure the accuracy and timeliness of journal vouchers and other internal transactions.

**Record Journal Vouchers and Other Internal Transactions in the Correct Fiscal Year and Accounting Period**  
To ensure accuracy and timeliness of financial data within Banner, it is important to record journal vouchers or other internal transactions within the proper fiscal year and accounting period in which the transaction occurred.

**Process a Separate Journal Voucher or Other Internal Transaction for each Unique Accounting Transaction**  
To help ensure a clean audit trail, it is helpful to use a separate journal voucher or other internal transaction for each unique accounting transaction.

**Correct Erroneous Journal Vouchers and Other Internal Transactions**  
If you realize that a journal voucher or other internal transaction posted to Banner incorrectly, it is recommended that you complete a new journal voucher or other internal transaction to completely reverse the erroneous entry. Once the erroneous entry has been reversed, you can then process a new journal voucher or other internal transaction to post the correct entry. This helps ensure a clean audit trail in case the erroneous transaction is ever selected for further review.

**Provide Clear Documentation for Journal Vouchers and Other Internal Transactions**  
It is very important for journal vouchers and other internal transactions to contain proper documentation which clearly explains the purpose of the accounting transaction.

For example, it is important for the General Text Entry (FOATEXT) to be fully completed with information such as:

* A detailed description of the accounting transaction being made on the journal voucher.
* Your contact information (e.g., your name, e-mail address, unit, and 10-digit phone number).
* Any other relevant information which may be helpful in creating a proper audit trail, such as the Banner document number of any applicable transaction that your journal voucher may be adjusting or reclassifying.

In addition, it is important for the Description Line on each sequence of the journal voucher or other internal transaction to have a clear explanation of the transaction taking place. For example, if you are processing a journal voucher to reclassify an expense from one C-FOAPAL to another, the Description Line on the debit sequence and credit sequence of the journal voucher should both have a unique description line explaining the purpose of the debit and the purpose of the credit.

**Additional Resources**

[Journal Voucher Processing Certification](https://www.obfs.uillinois.edu/certification/tracks/)

[Journal Voucher Processing](https://www.obfs.uillinois.edu/cms/One.aspx?portalId=77176&pageId=91714#transactionprocessing)

**13.4 Reconciliation of Financial Activities**

**Policy Statement**

Units must regularly monitor and reconcile their financial activity within Banner.

**Reason for the Policy**

To ensure accurate reporting for the University of Illinois System’s audited financial statements and to help safeguard system resources.

**Applicability of the Policy**

All units that have financial activity within Banner.

**Procedure**

Any employee who reconciles financial activity within Banner should be properly trained. The system offers a variety of training resources, such as [Understanding University Financial Statements & the Reconciliation Process](https://www.obfs.uillinois.edu/cms/One.aspx?portalId=77176&pageId=91714#understanding). In addition, employees are encouraged to contact [University Accounting and Financial Reporting (UAFR)](https://www.obfs.uillinois.edu/accounting-financial-reporting/who-to-ask/) with any questions.

In addition to being properly trained, see below for several good business practices to follow that will help ensure an effective and timely reconciliation process.

**Perform Reconciliations on a Timely Basis**

It is important to perform reconciliations on a timely basis to help ensure that any discrepancies are quickly identified and corrected. The system recommends that reconciliations are performed on at least a monthly basis.

**Ensure Proper Segregation of Duties**

To properly safeguard system resources and to help mitigate the risk of fraudulent activity, it is important to ensure a proper segregation of duties in the reconciliation process. This means that the person who performs the reconciliation should not also have access to processing the transactions which are being reconciled. This ensures an independent review and reconciliation of the transactions which are being processed. In situations where segregation of duties is not possible (such as in a small department), units should implement mitigating controls such as a review of activity by an independent person at a higher level (such as at the college level).

**Trace Banner Transactions to Source Documents**

In order to ensure the legitimacy of each Banner transaction, it is beneficial to trace each Banner transaction to the related source document (such as a receipt or deposit form). This helps identify situations where a Banner transaction may differ from the source document, such as when a vendor may have charged an incorrect or duplicate amount. This tracing process helps ensure the accuracy of Banner transactions and helps identify any erroneous transactions which may require further attention.

**Monitor and Reconcile Balances and Transactions in both the Operating Ledger (OL) and the General Ledger (GL)**

When performing reconciliations, the typical process is to reconcile Operating Ledger (OL) transactions (such as expenses, revenues, fund transfers, and encumbrances) to the source documents (such as receipts or deposit forms). However, in addition to reconciling the OL it is also important to monitor and reconcile the activity within the General Ledger (GL). This would include monitoring and reconciling transactions and balances in GL account codes such as cash, accounts receivable, inventory for resale, accounts payable, deferred revenue, etc.

By reconciling both the OL and the GL, you are helping ensure the overall accuracy of the system’s financial statements.

**Resolve Discrepancies Identified during the Reconciliation Process**

During your reconciliation process, you may identify discrepancies such as duplicate charges from a vendor, misclassified (“rouge”) transactions, revenue deposited to an incorrect C-FOAP, expenses recorded to an incorrect account code, etc. Once these discrepancies are identified, it is important to investigate and correct the discrepancy. For example:

* If a transaction was recorded to an incorrect C-FOAP, then a Journal Voucher should be processed to reclassify the transaction to the proper C-FOAP.
* If a vendor overcharged the system, then you would need to pursue that discrepancy with the vendor to ensure you are refunded from the overpayment.

By resolving all discrepancies identified during the reconciliation process, you are helping to ensure the overall accuracy of the system’s financial statements.

**Additional Resources**

[Understanding University Financial Statements & the Reconciliation Process](https://www.obfs.uillinois.edu/cms/One.aspx?portalId=77176&pageId=91714#understanding)

**13.5 Non-Monetary Exchanges**

**Policy Statement**

Units must ensure that non-monetary exchange transactions are reported to University Accounting and Financial Reporting (UAFR) at the appropriate fair market value on a timely basis in compliance with the applicable contract requirements.

**Reason for the Policy**

To ensure accurate reporting for the University of Illinois System’s audited financial statements.

**Applicability of the Policy**

All units that engage in non-monetary exchange transactions.

**Procedure**

A non-monetary exchange occurs when the University of Illinois System **receives** something of value from an external entity in exchange for **providing** something of value to the external entity in return, rather than paying for it with cash or a cash equivalent.

Non-monetary exchanges may occur independently or may occur as a secondary aspect within other types of transactions, such as:

* Sponsorships
* Gifts-in-kind
* Reduced cost agreements
* Trade agreements
* No-funds agreements

Examples of transactions that are **not** non-monetary exchanges include:

* Discounts offered by vendors
* Trade-in of equipment to acquire new equipment

**Valuing a non-monetary exchange**

Non-monetary exchange transactions are recorded at the estimated fair market value of the goods and/or services **provided** by the system. However, if that fair market value cannot be determined, then the non-monetary exchange transaction is recorded at the estimated fair market value of the goods/services **received** by the system.

See below for common examples of non-monetary exchange transactions and how these transactions would be valued for the University’s financial statements:

**Example 1**: A performance arts center enters into an agreement with a local television station to provide season tickets for the season’s upcoming shows (valued at $2,500) to the local television station in exchange for $2,500 worth of the local television station providing various television advertising spots throughout the year at no charge. In this example, the value of the non-monetary exchange would be $2,500 (which is the fair market value of the season tickets provided by the performance arts center and the value of the advertising provided). The related accounting entry in Banner would be a $2,500 debit to an advertising services expense account code and a $2,500 credit to a ticket sales revenue account code. A contract is required.

**Example 2**: A unit enters into an agreement with an external t-shirt vendor to provide advertising services throughout the year to the external t-shirt vendor in exchange for 600 staff t-shirts (valued at $3,000) at no charge. The unit in this example typically does not sell advertising services in this manner, so the value of these advertising services provided by the unit is unknown. So, since the value of what was provided by the unit is unknown, then the non-monetary exchange should be valued at the fair market value of the goods/services received by the unit, which would be $3,000 in this example. The related accounting entry in Banner would be a $3,000 debit to a wearing apparel supplies expense account code and a $3,000 credit to an advertising services revenue account code. A contract is required.

**Reporting a Non-Monetary Exchange**  
Properly valued non-monetary exchange transactions must be reported to UAFR by completing and submitting a Report of Non-Monetary Exchange Transactions form. These non-monetary exchange transactions should be reported to UAFR within the same accounting period (i.e., the same month) in which the transaction occurred, and are typically recorded on an applicable self-supporting fund. UAFR will then review the submitted form and will record the applicable transaction in Banner on your behalf.

**Forms Used in this Procedure**

[Report of Non-Monetary Exchanges](https://www.obfs.uillinois.edu/common/pages/DisplayFile.aspx?itemId=94671)

**Related Policies and Procedures**

[1.3.2 Initiation, Review, and Approval of University Contracts and Leases](https://www.obfs.uillinois.edu/bfpp/section-1-intro-business-financial-functions/initiation-review-approval-contracts-leases)

**Additional Resources**

[Non-Monetary Exchange FAQs](https://www.obfs.uillinois.edu/accounting-financial-reporting/faqs#nm)

Last Updated: February 27, 2019 | Approved: Senior Associate Vice President for Business and Finance | Effective: November 2009

**13.6 Account for Financial Activity of Revenue-Generating Events**

**Policy Statement**

Units must ensure that revenue-generating events (such as conferences, seminars, symposia, workshops, banquets, fundraising events, galas, or student/alumni events) are properly accounted for within Banner.

**Reason for the Policy**

To ensure accurate reporting for the University of Illinois System’s audited financial statements.

**Applicability of the Policy**

All units involved with revenue-generating events.

**Procedure**

[[**Expand All**](javascript:void(0);)] | [[**Collapse All**](javascript:void(0);)]

To ensure that revenue generating events are properly accounted for within Banner, refer to the guidelines below:

1. Determine whether the gross income earned from the revenue-generating event is directly related to a sponsored project. For example, if the gross income from the revenue-generating event (such as registration fees charged to the participants or any conference sponsorship income) is directly earned as a result of and is related to a sponsored project award, the gross income is considered to be program income which should deposited into a grant fund. For further details, consult [16 Sponsored Projects Program Income](https://www.obfs.uillinois.edu/bfpp/section-16-grants-research-contracts).
2. If the revenue-generating event is unrelated to any sponsored project funding, determine whether it is a University of Illinois System revenue-generating event or if it is an external revenue-generating event that your unit is simply hosting/coordinating. See the following information for further guidance on making this determination

[**University of Illinois System Revenue-Generating Events**](javascript:void(0);)

**University of Illinois System revenue-generating events** have the following characteristics:

* + Owned and operated by the University of Illinois System;
  + Publicized and organized as a University of Illinois System revenue-generating event;
  + All revenues of the revenue-generating event belong to the University of Illinois System;
  + All expenses of the revenue-generating event are the responsibility of the University of Illinois System; and
  + The University of Illinois System assumes the risks related to operating the revenue-generating event (including the responsibility for any loss or profit).

**[External Revenue-Generating Events](javascript:void(0);)**

**External revenue-generating events** (for which the university unit is simply hosting/coordinating the event) have the following characteristics:

* + Owned and operated by the external party;
  + Publicized and organized on behalf of the external party;
  + All revenues of the revenue-generating event belong to the external party;
  + All expenses of the revenue-generating event are the responsibility of the external party; and
  + The external party assumes the risks of sponsoring the revenue-generating event (including responsibility for any loss or profit).

1. To ensure accurate financial reporting, revenues and expenses related to the revenue-generating event must be properly recorded. All anticipated sources of funding for the revenue-generating event must be identified and disclosed when requesting to establish the applicable fund, regardless of where the funds will eventually be recorded. See the following information for further guidance on accounting for the event.

[**University of Illinois System Revenue-Generating Events**](javascript:void(0);)

If the event is a **University of Illinois System revenue-generating event**, then any event-generated revenues need to be recorded in either a self-supporting or gift fund.

**Self-Supporting Fund Revenue**  
Operational revenue generated from a University of Illinois System event (such as registration fees, sales of advertising space in event literature or on signage, rental of table or display space, and sales of event materials) belong to the University of Illinois System and must be accounted for in an appropriately coded **self-supporting fund**.

Ideally, a unique self-supporting fund would be established for each revenue-generating event; however, if several revenue generating events are similar in nature, one self-supporting fund can be used (with unique program codes for each individual event). Any surplus or deficit balance remaining in the self-supporting fund at the conclusion of an event should be factored into the rates charged to attendees of the subsequent event. If you need a self-supporting fund, consult [22 Self-Supporting/Revenue Generating Activities](https://www.obfs.uillinois.edu/bfpp/section-22-self-supporting-revenue-generating).

The sale of any type of advertising (which would include messages containing qualitative or comparative language, price information, endorsements, or inducements to purchase the advertiser’s products or services) may result in unrelated business income tax. For further guidance see [18.13 Unrelated Business Income Tax (UBIT)](https://www.obfs.uillinois.edu/bfpp/section-18-taxes/section-18-13).

All expenditures on the self-supporting fund must directly relate to the revenue-generating event and must be factored into the calculation of the rate charged to the customers. For further details, consult [22 Self-Supporting/Revenue Generating Activities](https://www.obfs.uillinois.edu/bfpp/section-22-self-supporting-revenue-generating).

**Gift Fund Revenue**

Donations received in support of a University of Illinois System revenue-generating event (such as qualified sponsorship gifts where the sponsor receives an acknowledgement; gifts-in-kind of donated services/tangible items; or the charitable portion of fundraising event registration fees) must be processed as **gifts** through the University of Illinois Foundation. Donations are voluntary contributions for which the payee receives no bargained for benefit other than the use or acknowledgement of the payee’s name or logo at the event or in event materials, such as in a qualified sponsorship.

Unique University of Illinois Foundation and/or Banner gift funds may be required to be established for the event depending on the language in the agreement(s) with the donor(s). For example, if the donor wishes to support a specific event, the donation would need to be deposited into a unique gift fund restricted for that specific event. For further details, consult [11 Gifts and Endowments](https://www.obfs.uillinois.edu/bfpp/section-11-gifts-endowments).

Any gift revenues received for the revenue-generating event may be used to subsidize expenses which are not recovered in rates charged to event participants on the self-supporting fund.

All expenses which post to the applicable gift fund(s) must be in compliance with the donor intent restrictions outlined in the related fund agreement. For further details, consult [11 Gifts and Endowments](https://www.obfs.uillinois.edu/bfpp/section-11-gifts-endowments).

For fundraising events, the entry fee is typically received in a single payment, which includes both a charitable contribution and payment for any goods or services received at the event. Since these payments include a charitable contribution, they must be deposited through the University of Illinois Foundation. The portion of the monies that represents the fair market value of the goods and/or services the attendee receives at the event (such as the value of a meal) need to be processed as a non-gift, and the charitable portion of the payment will be processed as a gift.

**Expenditures**

All expenditures of University of Illinois System revenue-generating events (regardless of whether they post to self-supporting funds, gift funds, or any other fund type) must comply with the state of Illinois Procurement Code. Consult [7.2 Purchase of Goods and Services](https://www.obfs.uillinois.edu/bfpp/section-7-purchasing/section-7-2) and [8 Payments and Reimbursements](https://www.obfs.uillinois.edu/bfpp/section-8-payments-reimbursements/) or contact your applicable university [Purchasing Division](https://www.obfs.uillinois.edu/purchases/) for further guidance.

**[External revenue-generating events](javascript:void(0);)**

If the event is an **external revenue-generating event**, all revenues and expenses related to the revenue-generating event belong to the external party and must be accounted for in an **agency fund**. For example, any registration fees collected from event attendees or any donations (such as qualified sponsorships to the external party) must be recorded as revenue in the agency fund. Any related expenses incurred (such as printing of brochures) must be posted as an expense to that same agency fund. If you need to establish an agency fund, consult [2 Agency Funds](https://www.obfs.uillinois.edu/bfpp/section-2-agency-funds).

Although any revenues generated by external events do not belong to the University of Illinois System, the University of Illinois System does act as a fiscal agent to hold these funds for the owner. Therefore, any checks received for event-generated revenue must be made payable to the University of Illinois and deposited with University Student Financial Services and Cashier Operations (USFSCO) in compliance with [10.2.1 Accept Checks as Payment](https://www.obfs.uillinois.edu/bfpp/section-10-cash-handling/accept-checks-as-payment). It is also helpful to note the name of the external event in the memo line.

If the external revenue-generating event intends to collect revenue via credit card or online payments, contact Merchant Card Services to determine feasibility at (217) 244-9384 or [merchantcardhelp@uillinois.edu](mailto:merchantcardhelp@uillinois.edu).

The University of Illinois System’s self-insurance liability coverage does not apply to external events. To protect both the University of Illinois System and the owner of the external event, it is important to properly assess the insurance needs for the external event to determine whether any additional insurance coverage needs to be purchased by the owner. Consult [6 Insurance](https://www.obfs.uillinois.edu/bfpp/section-6-insurance) and/or contact the Office of Risk Management for further guidance.

If any university unit would like to provide financial support for an external event, it is required to follow the guidelines outlined in [8.1.5 Determine the Allowability of Specific Financial Support or Sponsorship Payments to Outside Organizations](https://www.obfs.uillinois.edu/bfpp/section-8-payments-reimbursements/determine-allowability-specific-financial-support).

1. Close out the event in a timely and accurate manner by ensuring all revenue and expense transactions related to the event have posted to the applicable fund(s). Once all transactions have posted, analyze the financial activity to determine the net surplus or deficit resulting from the revenue-generating event.

**[University of Illinois System Revenue-Generating Events](javascript:void(0);)**

If the event is a **University of Illinois System revenue-generating event**:

If there is a net surplus in the related self-supporting fund, consult [22 Address a Self-Supporting Fund Surplus](https://www.obfs.uillinois.edu/bfpp/section-22-self-supporting-revenue-generating/address-self-supporting-fund-surplus).

If there is a net deficit in the related self-supporting fund, consult [22 Address a Self-Supporting Fund Deficit](https://www.obfs.uillinois.edu/bfpp/section-22-self-supporting-revenue-generating/address-self-supporting-fund-deficit).

Determine whether the related self-supporting and/or gift fund will be needed after the conclusion of revenue-generating event. If the fund(s) need to be terminated, Consult [13 Terminate FOAPAL Segments and Index Codes](https://www.obfs.uillinois.edu/bfpp/section-13-accounting/terminate-foapal-segments-index-codes).

**[External Revenue-Generating Events](javascript:void(0);)**

If the event is an **external revenue-generating event**:

If there is a net surplus **and** if the agency relationship is ending at the conclusion of the revenue-generating event (for example, the external party is moving the event to a different location in the following year), any remaining balance would typically be returned to the applicable external party (i.e., the owner of the event). Consult [2.7 Return Agency Funds to the Owner](https://www.obfs.uillinois.edu/bfpp/section-2-agency-funds/return-agency-funds-to-owner). However, the applicable external party may wish to donate the surplus balance to the University of Illinois System, which is also acceptable. Consult [11 Gifts and Endowments](https://www.obfs.uillinois.edu/bfpp/section-11-gifts-endowments). Surplus balances that are neither returned nor donated to the University of Illinois System will be treated as unclaimed property in compliance with the state of Illinois requirements.

If there is a net surplus **and** the agency relationship will continue (for example, a similar conference for the same external party will be hosted/coordinated by the University in the following year), any remaining balance could either be returned to the owner or remain in the agency fund for use in the future by the owner.

If there is net deficit resulting from the revenue-generating event (regardless of whether the agency relationship will continue) the applicable university unit would typically invoice the external party (i.e., the owner of the event) for the amount needed to cover the deficit and use the Banner Accounts Receivable module for billing and collection. All overdrafts should be eliminated within 30 days. Consult [2.4 Comply with Unit Liaison Responsibilities for an Agency Fund](https://www.obfs.uillinois.edu/bfpp/section-2-agency-funds/comply-with-liaison-responsibilities) and [5 Receivables](https://www.obfs.uillinois.edu/bfpp/section-5-receivables).

1. If you have additional questions, contact [OBFS University Accounting and Financial Reporting](https://www.obfs.uillinois.edu/accounting-financial-reporting/who-to-ask/).

**Related Policies and Procedures**

[2 Agency Funds](https://www.obfs.uillinois.edu/bfpp/section-2-agency-funds)  
[6 Insurance](https://www.obfs.uillinois.edu/bfpp/section-6-insurance)   
[7 Purchasing](https://www.obfs.uillinois.edu/bfpp/section-7-purchasing)  
[8 Payments and Reimbursements](https://www.obfs.uillinois.edu/bfpp/section-8-payments-reimbursements/)  
[10.2.1 Accept Checks as Payments](https://www.obfs.uillinois.edu/bfpp/section-10-cash-handling/accept-checks-as-payment)  
[11 Gifts and Endowments](https://www.obfs.uillinois.edu/bfpp/section-11-gifts-endowments)  
[13 Accounting](https://www.obfs.uillinois.edu/bfpp/section-13-accounting)  
[16 Grants and Research Contracts](https://www.obfs.uillinois.edu/bfpp/section-16-grants-research-contracts)  
[18.13 Unrelated Business Income Tax (UBIT)](https://www.obfs.uillinois.edu/bfpp/section-18-taxes/section-18-13)  
[22 Self-Supporting/Revenue Generating Activities](https://www.obfs.uillinois.edu/bfpp/section-22-self-supporting-revenue-generating)

**Additional Resources**

[UIC Meetings & Conferences](http://meetings.uic.edu/)  
[UIS Conference Services](http://www.uis.edu/facilities/services/)   
[UIUC Center for Innovation in Teaching and Learning (CITL)](http://citl.illinois.edu/services/for-departments/conference-planning)