

**ASSOCIATED STUDENTS OF
MICHIGAN STATE UNIVERSITY
GENERAL ASSEMBLY
FIFTIETH SESSION**

BILL NO. 50-02

INTRODUCED BY: McClain

SECONDED BY: Clifton

BILL TO: Transfer all remaining ASMSU monies into the University Financial system.

THE ASSOCIATED STUDENTS OF MICHIGAN STATE UNIVERSITY ENACT:

- WHEREAS, ASMSU has traditionally enjoyed a distinct autonomy from the University itself by way of utilizing both on and off-campus financial accounts; and
- WHEREAS, ASMSU currently maintains two (2) off-campus accounts: an operating account at PNC Bank and a Risk Management Account at Morgan Stanley; and
- WHEREAS, The University has made concerted efforts to reign in the autonomy of ASMSU; and
- WHEREAS, The University has acknowledged the unique needs of the Association, as it relates to becoming a “department” of the University, and has stipulated this alignment of ASMSU can be accommodated by creating specific exceptions to the MSU Manual of Business Procedures; and,
- WHEREAS, The University administration and trustees have requested that ASMSU become fully aligned with the university by way of transferring all ASMSU monies and assets into the university financial system; and
- WHEREAS, ASMSU must choose between becoming a fully aligned department of the University, or risking the threat of requisition of student tax dollars, per the memorandum jointly issued by MSU VP for Finance and Treasurer, Mark Haas, and Interim VP for Student Affairs and Services, Dr. Denise Maybank, dated February 26, 2013 (attached); and
- WHEREAS, The MSU VP for Finance and Treasurer’s office has worked diligently to accommodate the alignment of ASMSU by creating the parameters for ASMSU’s integration into the University’s Enterprise Business System, as well as the new establishment of an ASMSU long-term investment account; and
- WHEREAS, The University has agreed to good faith assurances that ASMSU monies shall not be frozen or otherwise constrained by the University so long as ASMSU business is conducted in a manner consistent with applicable laws and University policies and regulations; and
- WHEREAS, The University has agreed to review ASMSU’s current and future liquidity needs and investment strategies; therefore be it

RESOLVED, That ASMSU approve the immediate transfer of both its PNC Operating Account (~\$65,000) and Morgan Stanley Risk Management Account (~\$500,000) in their entirety into University operated accounts; and be it further

RESOLVED, That the transfer of these funds be contingent upon guarantees provided for by the University to include:

- Exceptions to the MSU Manual of Business Procedures including but not limited to issues such as travel, signatory authority, authority over ASMSU funds, special liability insurance, sole discretion over its employees and compensation, and any other issues which may arise in the context of ASMSU alignment
- ASMSU shall have sole discretion to employ its Business Office Manager and maintain the current individual employee regardless of University protocol
- Under any circumstances, ASMSU shall have sole discretion over hiring, dismissal, and supervisory oversight of its Business Office Manager
- ASMSU shall continue to utilize its legal firm, retained, for advice and counsel on any issues per the existing and renewed contract with the law firm of Jeffries and Newton
- ASMSU shall be considered for exceptions to University branding and licensing policies
- ASMSU shall be considered for exceptions to University technology and information systems policies
- ASMSU as a part of the university's tax exempt classification, be eligible to receive donor dollars through the Division of University Advancement
- ASMSU be afforded full tax exempt status and notified of this new classification

and be it further;

RESOLVED, The University must agree, in whole, to the stipulations provided above in order for this bill to be enacted.

INTRODUCED ON _____

REFERRED TO _____ COMMITTEE ON _____

SPECIAL ACTION TAKEN _____ DATE _____

COMMITTEE ACTION _____
PASSED FAILED VOTE DATE

FINAL ACTION TAKEN _____
PASSED FAILED VOTE DATE

PRESIDENT VP/IA

MICHIGAN STATE UNIVERSITY

MEMORANDUM

DATE: February 26, 2013

TO: Evan Martinak, President
ASMSU

FROM: Mark P. Haas
Vice President for Finance and Treasurer

Denise B. Maybank
Interim Vice President for Student Affairs & Services

SUBJECT: ASMSU Alignment Issues

We write in follow-up to your recent meeting with President Lou Anna K. Simon. As discussed in that meeting and as outlined in her letter to you dated February 4, 2013, progress must be made on the remaining issues associated with the alignment of ASMSU with the university. This memorandum is intended to summarize the remaining issues and provide you with deadlines for completion of those tasks. Our goal is to address these issues in a way that appropriately safeguards student fees entrusted to ASMSU and yet affords you continued responsibility for and autonomy in managing those tax dollars through university accounts.



Mark P. Haas
Vice President for Finance
and Treasurer

Michigan State University
Hannah Administration Building
426 Auditorium Road, Room 412
East Lansing, Michigan
48824

Phone 517.355.5014
Fax 517.353.6772
www.vpfo.msu.edu

1. Investment and Other Off-Campus Bank Accounts

Throughout the last two academic years, our offices have been clear that off-campus investment and bank accounts must be moved on campus. As discussed with past ASMSU leadership, that requirement arose as a result of audit findings of material and significant concerns about the lack of internal controls on a number of ASMSU's financial policies, procedures, and practices. Those concerns brought into question the fiscal responsibility of ASMSU and a determination was made by then Vice President Poston that ASMSU would be required to move its accounts onto campus. That decision was supported by the President and has our full support.

We are requiring that you meet with the university's Director of Investments and Financial Management (Glen Klein) by March 22, 2013, to discuss the process of moving all funds in your Morgan-Stanley brokerage account, PNC account, and any other off-campus accounts to university accounts. Transfer of those funds to university accounts must be completed no later than April 5, 2013.

Should Mr. Klein determine, after meeting with you, that an extension of that deadline is appropriate due to market timing issues or other circumstances, he is authorized to grant a short extension. Failure to complete the transfer of funds by the deadline will result in withholding of any further tax dollars until such time as the transfers are completed.

2. Compliance with Manual of Business Procedures

ASMSU is expected to align its business practices with those of the university, including those contained in the Manual of Business Procedures (“MBP”). However, both ASMSU and our offices recognize that the unique structure and nature of ASMSU may necessitate consideration of exceptions to the MBP. Indeed, both parties have already committed to having this dialogue, as outlined in the joint management response to the recent ASMSU audit:

“A review of policies, procedures, and processes will be conducted during the spring semester to identify inconsistencies with MSU policies, procedures and best practices. The Student Affairs Business Office and ASMSU Business Office will identify those areas where exceptions to MSU policies are necessary to ensure efficient operation based on student activities being the purpose and students being the focus of the acts and activities. Those practices deemed necessary to support the ongoing functions of the undergraduate student government groups will be proposed for written agreement by the appropriate MSU level management.”

We strongly encourage the ASMSU Business Office to begin work on this task immediately.

All requested exceptions to the MBP must be identified and discussed with our offices by May 31, 2013. Given that ASMSU will need time to change their governing documents to be consistent with the MBP, ASMSU will be expected to be in full compliance with the MBP beginning December 1, 2013, except for those written exceptions granted by the Vice President for Finance and Treasurer.

3. Governing Documents

Revisions to ASMSU governing documents will be necessary as a result of aligning the practices of ASMSU with university policies. The relevant governing documents must be revised and ratified pursuant to ASMSU governance procedures no later than November 30, 2013. Our offices are happy to provide you with whatever advice or assistance would be helpful in reviewing and revising these documents.

4. Outside Employee

The university will continue to work with ASMSU to hire a nonstudent business office manager for day-to-day operations. As part of this review, we will work with you to assess the most cost effective and efficient structure for providing necessary business services to ASMSU. We hope to have this issue resolved by June 30, 2013.

5. Legal Services

We believe this issue has been resolved consistent with the terms outlined in the letter provided to ASMSU from Deputy General Counsel Kristine Zayko dated February 11, 2013.

cc: President Simon
Cathy Neuman
Terry Walsh
Kristine Zayko