

# BUSINESS & FINANCE

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# 2.6 Process a Transaction between the System and the Owner of a Custodial Fund

## Policy Statement

Transactions between the University of Illinois System and owners of custodial funds held by the system must follow the same processes established for transactions between the system and other external parties, unless addressed elsewhere in system policy.

Transfers of expenditures or revenue between custodial funds and system funds are not permitted unless the transfer is necessary to correct an erroneous transaction posted to Banner. In no instance, however, may an erroneous custodial fund expenditure be transferred to a system fund if the original expenditure failed to comply with the Illinois Procurement Code. Likewise, sales tax must be remitted by the owner of a custodial fund for any expenditure corrections posted to the owner's custodial fund, unless the owner has a separate sales tax exemption number.

## Procedure

To process a transaction between the system and the owner of a custodial fund, identify the nature of the transaction and follow the guidelines below:

1. If the custodial fund owner wishes to support a system event or project, process the transaction as a gift to the system. The owner's system liaison:
  - Obtains a letter from the owner authorizing the donation
  - Verifies that the custodial fund balance is sufficient to pay for the donation

**between the  
System and the  
Owner of a  
Custodial Fund**

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**2.7 Return  
Custodial Funds  
to the Owner**

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- Requests a check payable to the University of Illinois as described in [2.5 Expend Custodial Funds on Behalf of Owner](#)
  - Completes a [Gift Received Transmittal](#) form and processes the gift according to [11.3 Campus Processing of Gifts](#).
2. If a system unit wishes to support an event or project of the custodial fund owner, process the transaction as directed in [8.1.5 Determine the Allowability of Specific Financial Support or Sponsorship Payments to Outside Organizations](#)
  3. If the custodial fund owner wishes to procure goods or services from the system, consult [2.5 Expend Custodial Funds on Behalf of Owner](#).
  4. If the system wishes to procure goods or services from a custodial fund owner, established system procurement processes must be followed. Consult [7 Purchasing](#) and [8 Payments and Reimbursements](#).
  5. If a system unit and an owner of a custodial fund collaborate on an event or project, the system and the custodial fund owner:
    - Separately contract directly with third parties to expend their own funds in support of the collaboration, and/or
    - Process separate transactions to support the other collaborator's work following system [11.3 Campus Processing of Gifts](#) or [8.1.5 Determine the Allowability of Specific Financial Support or Sponsorship Payments to Outside Organizations](#) processes.

## Forms Used in this Procedure

- [Gift Received Transmittal](#)

## Related Policies and Procedures

- [2.5 Expend Custodial Funds on Behalf of Owner](#)
- [7 Purchasing](#)
- [8 Payments and Reimbursements](#)
- [8.1.5 Determine the Allowability of Specific Financial Support or Sponsorship Payments to Outside Organizations](#)
- [11 Gifts and Endowments](#)
- [11.3 Campus Processing of Gifts](#)

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## Business and Finance

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