

# Accounting Office

## Policy and Procedures Manual

### Trust Accounting

5/09/00

**ACCOUNTING OFFICE**  
**Policy and Procedures Manual**

**Trust Accounting**

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## TRUST ACCOUNTS

### **I. General**

The Education Code provides for the establishment of various local trust accounts when limited fund control or accounting are required. Once a "Special Trust Fund Account" is established, it is conducted through the State University and Colleges Trust Fund.

The University reserves the right to conduct business through these "Special Trust Accounts" without the restraints placed on normal University purchases, etc. This does not obviate the need for sound business practices such as bidding in conformance with campus policy, acquiring services or materials from sole sources without sufficient evidence to support the course of action, or taking advantage of items on State contracts where these are advantageous to the project.

### **II. Authorization:**

The following sections are direct quotes from the Education Code:

89720. The trustees may accept on behalf of the state any gift, bequest, devise or donation of real or personal property whenever such gift and the terms and conditions thereof will aid in carrying out the primary functions of the state colleges as specified in Section 66608. Neither Section 11005 of the Government Code nor any other provision of law requiring approval by a state officer of gifts, bequests, devises, or donations shall apply to such gifts, bequests, devises or donations. Such gifts, bequests, devises, or donations and the disposition thereof shall be annually reported to the California Postsecondary Education Commission, the Joint Legislative Budget Committee and the Department of Finance by January 5 of each year.

89721. Notwithstanding any other provision of law to the contrary, the chief fiscal officer of each campus of the California State University shall deposit into and maintain in local trust accounts or in trust accounts in accordance with the provisions of Section 16305 to 16305.7, inclusive, of the Government code, or in the California State University Trust Fund, moneys received in connection with the following sources or purposes:

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- (a) Gifts, bequests, devises, and donations received under Section 89720.
- (b) Any student loan or scholarship fund program, including but not limited to student loan programs of the state, federal government (including programs referred to in Section 89723), local government, or private sources.
- (c) Advance payment for anticipated expenditures or encumbrances in connection with federal grants or contracts.
- (d) Room, board, and similar expenses of students enrolled in the international program of the California State University.
- (e) Cafeteria replacement funds
- (f) Miscellaneous receipts in the nature of deposits subject to return upon approval of a proper application.
- (g) Fees and charges for services, materials, and facilities authorized
- (h) Miscellaneous receipts in the nature of deposits subject to return upon approval of a proper application.
- (i) Fees and charges for services, materials, and facilities authorized by Section 89700 where such fees or charges are required of those who, at their option, use the services or facilities, or are provided the materials, for which the fees or charges are made. Fees and charges so received and deposited shall be used solely to meet the costs of providing such services, materials, and facilities.
- (j) Fees for instructionally related activities as defined by the trustees and as authorized by Section 89700 and revenues derived from the conduct of such instructionally related activities. The trustees shall have all authority necessary to administer and use the fees and revenues received and deposited to support such instructionally related activities.

Examples of the kinds of activities that fall into category (g) above are:

- Copying service fees where the income is used to pay for equipment rental, copying supplies, and maintenance if the equipment is administered via the trust fund.
- Fees authorized by Executive Order 661 (Miscellaneous Instructional course Charges) if the definition allows their administration via the trust fund.
- Health Fees - Class II service, such as birth control clinic, prescriptions.
- Fees from vending machines, where the income defrays the cost of servicing.
- Public telephone commissions.
- Recreational Facilities fee.

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### **III. Duties of the University and Cost Recovery**

The University will provide accounting and financial services for approved trust accounts. Included as part of the financial services are on-line access to ledgers or hard copy printouts of the ledgers containing sufficient information for a manager to have reasonable, timely information on which to base decisions involving the trust account. Separate General Ledgers and separate Subsidiary Ledgers will be maintained for each trust account.

The cost of providing services may include charges for the recovery of Personal services, Operating expense and equipment, and capital outlay. Recovery for the cost of support shall be governed by existing specific CSU policies. In the absence of specific policy, recovery for the cost of such support shall include the incremental costs (direct, indirect) of providing the support for all ancillary activities (reference BA 83-30). The basis or method shall be simple but equitable; cost effective when compared to the cost of the services.

### **IV. Establishment of a Trust Account**

- A. **Submittal** - Requests to establish a Trust account must be submitted in writing to the Director of Accounting Services, Mail Stop JA58. Requests must be submitted on a "Request for Establishment of a Trust Account" form (see Exhibit 1). Each trust account established shall be supported by documentation as to the source of funding, the purpose, the name of the person authorized to expend the funds, and any other requirements that govern its usage and disposition.
- B. **Approval** - A request will be approved only if it meets the criteria for establishment of a trust account. When a request has been found to meet the criteria for establishment of a trust account, and the request approved by the Director of Accounting Services or his designee, a notification letter will be sent to the requesting administrator (see Exhibit 2).
- C. **Balances** - Balances left at year-end carry forward into the new fiscal year.

### **V. Duties and Responsibilities of Trust Administrators**

- A. The trust administrator will comply with all regulations and procedures for deposit and withdrawal of trust funds, and execution of required documents

authorizing purchase of and payment for required supplies, services and equipment.

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- B. The trust administrator will secure prior approval from appropriate university authorities for expenditures involving employment of personnel, travel, or purchase of items of equipment, space modification, or operating and maintenance costs.
  - 1. For questions related to Employment of personnel, contact the office of Human Resources at telephone extension 8-2364.
  - 2. For questions related to Travel, contact the travel technician in the Accounting Office at telephone extension 8-4019.
  - 3. For questions related to purchase of equipment, contact the Purchasing Office at telephone extension 8-2111.
  - 4. For questions related to space modification, contact the office of Facilities Planning at telephone extension 8-2424.
- C. Expenditure requests are to be submitted following the procedures and forms established for stateside requisitions, using the appropriate trust coding.
- D. The trust account will be expended only for the purposes for which it was established and only to the extent that balances are available.

## **VI. Miscellaneous Course Fees**

- A. **Policy** - Effective August 23, 1996, campus fees shall be established, adjusted, collected, and refunded according to Executive Order No. 661, and any applicable provisions of the law; statutes; Title 5, California Code of Regulations; Standing Orders of the Trustees; and revenue bond indentures which may be outstanding.
- B. **Fees Established Prior to Executive Order No. 661** - Campus fees which were duly established pursuant to Executive Order No. 661 are to continue in effect until adjusted or repealed pursuant to Executive Order No. 661. The campus fees which shall continue, include the fees established or adjusted in the executive orders which were superseded by Executive Order 661.

- C. **Trust Miscellaneous Course Fees** - Students may be charged for instructional materials, activities or facilities only in the following instances:

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1. Instructional materials which have a personal benefit in addition to academic value. Personal benefit means that the student receives a tangible product of some intrinsic value (a value external to the course itself). The determination to establish a charge must consider the fact that funds are allocated for instructional supplies in the General Fund and are intended to cover the basic requirements in all courses.
  - The campus president (or designee) shall determine those courses which involve the student receiving such tangible products.
  - The student may be charged only for the actual or pro rata cost of the materials involved.
  - The student must have the option of obtaining the materials necessary from any source, as long as the materials meet the instructional requirements.
  - The student must retain in some form the materials for which there is a charge. Either the materials or the product produced from them must have a tangible value which can be demonstrated to be external to the course.
  - The student should not be charged for basic materials related to a course.
  
2. Field Trips. Students may be charged for certain costs involved with the conduct of field trips. The following are the only costs associated with field trips that may be required of students:
  - Expenses incidental to the field trip such as meals, lodging, and other personal expenses.
  - Entrance fees to shows, exhibits, etc.
  - Actual or pro rata cost of the use of a vehicle.
  
3. Use of non-state supported or off-campus facilities and equipment. This charge is designed to apply particularly to courses in Physical Education and Recreation. However, it is understood that it may apply in other instances, particularly in connection with field trips (see above).
  - The charge must be associated with a course taught by a campus faculty member at non-state supported or off-campus facilities and/or utilizing rented equipment.

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- The charge must not exceed the actual or pro rata cost of the students' use of the facility or equipment.
  - No portion of the charge may be associated with costs of providing a qualified instructor for the course.
4. In all cases, the following conditions apply:
- Courses which involve charges must be identified in the General Catalog, and the specific amount stated in the Class Schedule and course syllabus.
  - Funds received from charges must be deposited and maintained in the campus' local trust accounts in accordance with Education Code, Section 89721(g), and must be used precisely for the materials, activities, or facilities for which the charge was made.
  - The student must have the option of using services or materials which meet the instructional requirements from a source other than the University.
- D. Establishment of a new fee.** Proposals for new fees are subject to Executive Order No. 661. Submit one application for each charge (See Exhibit 3) to the Student Services Fee Committee.
1. If materials, activities or facilities are the same for two or more similar courses, only one application need be submitted.
  2. If materials, activities or facilities differ between sections of the same course, separate applications should be filed for each section.
  3. Once a miscellaneous course fee is established, applications need to be resubmitted only if a change in data (materials provided, activities or facilities) require the preparation of a new application which must be routed through all channels.
  4. Requests for implementation of charges or changes in charge amounts must be processed in time to include information in the General Catalog, Class Schedule and Course Syllabus. In most cases this means the semester prior to the proposed implementation or change in charge amount.

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5. All receipts and expenditures will be made through cash trust accounts (no funds for this or a related purpose may be deposited through the Foundation).
  - Students will be billed via the Billing and Receivable (BR) system. Students paying charges should be instructed to submit payment through the envelopes provided by BR or to pay at the Cashiers Office in the Joyal Administration Building. Funds should not be collected by the instructor.
  - The Accounting Office will assign appropriate account number codes and will notify the trust administrator using a notification letter (see Exhibit 2).
  - To ensure compliance with this policy, reviews of expenditures will be conducted periodically.

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**Exhibit 1**

California State University, Fresno  
**TRUST FUND AGREEMENT FORM**

For Accounting Use Only

**REQUEST FOR ESTABLISHMENT OF A TRUST FUND ACCOUNT**

TO: Director of Accounting Services

FROM: Department \_\_\_\_\_ Date \_\_\_\_\_

Requestor: This form must be completed in its entirety or it will be returned to the originator. If additional space is needed, please use back of form.

Please print or type:

1. Please establish a trust account entitled: \_\_\_\_\_  
\_\_\_\_\_
2. The funds to be deposited in this account are received from: \_\_\_\_\_  
\_\_\_\_\_
3. The funds are to be used for the purpose of: \_\_\_\_\_  
\_\_\_\_\_
4. It is anticipated that this account will need to remain open for: \_\_\_\_\_  
\_\_\_\_\_
5. Indicate the instructions for the disposition of funds, in the event the purpose of the funds is completed and the account should be closed: \_\_\_\_\_  
\_\_\_\_\_

Expenditures to be authorized by:

Name and Title (print or type)	Signature
Name and Title (print or type)	Signature

To recover the business management expenses incurred in administering this fund, the Accounting Office will retain any interest earned on this account, and additionally a 6% service charge be computed quarterly on the gross amount deposited into this account.

Reporting for this fund is accessible on line, per our existing computing environment.

For Accounting Office Use only

Established in accordance with: \_\_\_\_\_

Received by:	Date:	Approved by:	Date:
_____	_____	_____	_____

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**Exhibit 2**

**SAMPLE**  
**Approved Trust Letter with Instructions**

(Current Date)

**MEMORANDUM**

To:           Appropriate Administrator  
              School of Hard Knocks

Fr:           Dennis K. Lively  
              Manager, General Accounting

Subject:     Trust Account for \_\_\_\_\_

We have reviewed your request and related information to establish a trust fund account for the above referenced subject. Your request is covered under the criteria of Education Code Section 89721 which requires the Chief Fiscal Officer of each campus of the California State University, to deposit certain moneys received into separate trust accounts, within the California State University Trust Fund.

Within the code sections cited above, we have established a new six-digit trust account number. The number is 7-xxxxx.

When submitting future trust purchase requisitions, travel applications or travel expense claim forms, please include your account number and the appropriate four-digit sub-code which describes the type of expenditure. Examples of available sub-codes are:

- 4500   Supplies and Services
- 5000   Travel, In-State
- 5020   Travel, Out-of-State
- 5520   Contractual Services
- 7700   Equipment

The complete number, for example, for supplies to be charged to the trust account would be \_\_\_\_\_-4500.

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If you have any questions regarding purchasing procedures in general or completing the trust purchase requisition form, please consult the Purchasing handbook or contact the Purchasing Department at extension 8-2111.

When submitting requests to any of the campus chargeback areas such as Print Shop, IMC, or Plant Operations, please use the code \_\_\_\_\_; when submitting student assistant vouchers or temporary help vouchers to the Payroll Office, please use the code \_\_\_\_\_.

Note: All charges paid by the State on behalf of a trust fund will be reimbursed to the State from the trust fund in the month following the payment by the State.

To summarize, the various account codes used to code expenditures from the trust account are as follows:

Trust Account, Supplies and Services	<u>7- -4500</u>
Trust Account, Travel, In-State	<u>7- -5000</u>
Trust Account, Travel, Out-of-State	<u>7- -5020</u>
Trust Account, Contractual Services	<u>7- -5520</u>
Trust Account, Equipment	<u>7- -7770</u>
Student Assistant Voucher	945-_____
Temporary Help Voucher	945-_____
Work-Study Voucher	945-_____
Print Shop Requisition	<u>7- -4500</u>
IMC Production Requisition	<u>7- -4500</u>
Plant Operations Chargeback Memorandum	<u>7- -4500</u>

When depositing future receipts please record your receipts on a pre-numbered "Daily Collection Sheet" form and enter the account name, \_\_\_\_\_. These forms can be obtained in advance in the Cashiering Office.

You may access information pertaining to your new trust account, via your terminal. If you should have any questions please do not hesitate to call.

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**Exhibit 3**

**Request for Course Related Miscellaneous Fee**

The miscellaneous fee requested falls within the provisions of which category of Executive Order 362? Please check one box.

Category A       Category B       Category C   
Instructional Materials      Field Trips      Off-Campus Facilities

Course for which fee is requested:

Prefix Number \_\_\_\_\_ Course Title \_\_\_\_\_

If Category A, Answer the following:

Amount of Fee requested \_\_\_\_\_ What materials will be provided through the fee?

What "tangible product of some intrinsic value (a value external to the course itself) will be received by the Student?

What basic materials are provided to all students in this course out of the departmental supplies and services account?

Will the student have the option of obtaining the necessary materials from another source? From what Source?

If Category B, answer the following:

Amount of fee requested \_\_\_\_\_ To what purpose will the fee be put? If entrance fees are included, please indicate.

If Category C, answer the following:

Amount of fee requested \_\_\_\_\_ To what purpose will the fee be put? Indicate the facility and/or rented equipment to be made available through the fee.

_____	_____	_____	_____
Department Chair	Date	Vice President, Academic Affairs	Date
_____	_____	_____	_____
Dean	Date		Date