 SANTA BARBARA CITY COLLEGE

STUDENT FINANCE OFFICE, FISCAL SERVICES

**Trust & Auxiliary Funds Establishment & Management Guidelines**

***Summary***

Trust, Auxiliary and Agency Funds are maintained in separate bank accounts from District accounts and created for the purpose of providing supportive services and specialized programs for the general benefit of the college. The District serves as a fiduciary of these Trust, Auxiliary and Agency funds. All deposits are made directly to the Trust or Financial Aid bank account. Types of funds are as follows:

TRUST & AUXILIARY Funds

Fund 71 Associated Student Government

Fund 72 Student Representation

Fund 79 Special Trust and Co-Curricular Funds

Fund 81 Club Funds

AGENCY Funds

Fund 74 Federal/State Financial Aid

Fund 75 Scholarship/Loan Financial Aid

# Authority for Trust Funds

Education Code Section 84030,“authorizes the California Community College Board of Governors to establish the accounts system and in accordance with the definitions, instructions and procedures published in BAM.” The Legislature delegated content to, “…those involved in the administration of education programs including community college district governing boards, local administrators, instructors, students, and parents.”

## College President/Board of Trustees

1. Reviews the annual fiscal report of trust funds as necessary
2. Reviews the annual audit of financial activity with the district Auditor
3. Establishes local policies

**Student Finance**

1. Establishes local procedure
2. Maintains internal control procedures and the Annual District Audit
3. Reviews trust account activity quarterly
4. Annually recertifies the purpose, signatories, and continuation of each trust fund
5. Communicates policies, procedures, and responsibilities to each trust fund

**Accounts Payable**

1. Verifies documentation is complete and accurate
2. Verifies the two signatures on any payment request/use of funds match the Trust Fund Signature Card

**Trust and Auxiliary Fund Owners (Authorized Signers)**

1. Two signatures confirming the expenditure is appropriate as defined in its scope of operation
2. Maintain current list of authorized signers (in the event of operational changes, employmentchanges, etc.) and updates Signature Card as appropriate
3. The retention period for inactive funds is three years from the date of the last transaction
4. Submit documentation as required

# Establishing a Trust Fund

In the introduction of the current 2012 edition of the BAM, "Each community college district isrequired to follow this Manual in accordance with Education Code Section 84030." Governmental accounting is generally in a Fund Accounting environment (rather than profit and loss), because of the varied sources of revenue, some with restrictions on use. Basic to fund accounting is the idea that a fund is used to report sources and uses of resources available for, or in some cases restricted to, essentially the same purpose.

# Expenditures

Expenditures from trust funds should be consistent with the purpose to which the funds are held in trust, to support, enhance, and/or further the activity consistent with conditions (if any) stipulated by the provider of the revenues. For example, if Federal monies are provided for PELL grants, the expenditures should reflect grants to those persons awarded a PELL grant through the Financial Aid award process. If monies are collected for a field trip, an athletic team, a student club, or donation for a specific program or item, they should be expended to benefit the activity for which the monies were collected. There needs to be a clear relationship between the expenditure and the purpose of funds.

Unallowable expenditures

1. Gifts to staff
2. Flowers for staff
3. Birthday cards
4. Snacks for office use
5. Alcoholic beverages
6. Off-campus meals without approved business purpose
7. Personal office items (e.g. plants, pictures, etc.)
8. Gift Cards

The issuance of gift cards as awards is not recommended due to the recipient’s ability to convert the value in full, or in part, to cash, and the district’s inability to monitor what is purchased. To avoid a gift of public funds, gift cards should only be considered if the amount is minimal, the purchase can be confined to only those items that are a legal expenditure of public funds, and cannot be converted to cash.

Beyond these items are the judgment, interpretations of gray areas, and gift of public funds doctrine cited in the California Constitution. The yardstick is generally how a certain expenditure is perceived by the public, but is open to personal interpretations and perspectives. If in doubt, check with your Student Finance Department. Propriety, prudence, and conservatism are the litmus in interpreting Ed Code.