GUIDELINES FOR THE ESTABLISHMENT AND ADMINISTRATION OF TRUST ACCOUNTS

Last updated: September 8, 2009

Introduction

In accordance with Section 89721 of the Education Code, money received in connection with certain sources or purposes shall be deposited and maintained in a Trust Account. These include:

a. Gifts, bequests, devises, and donations;
b. Student loan or scholarship fund;
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 provided by the campus which fees and charges shall be used solely to meet the costs of providing the services, materials and facilities;
h. Fees for instructionally related activities as defined by the trustees and as authorized by Section 89700 and revenues derived from the conduct of the instructionally related activities;
i. Fees for parking, health facilities or health services, and for extension programs, special sessions, and other self-supporting instructional programs.
j. Revenue received from the California State Lottery Education Fund;
k. Money received by the trustees for research, workshops, conferences, institutes, and special projects.
l. Money collected as higher education fees and income from students of any campus of the California State University and from other persons pursuant to Section 89700. The Controller shall have the authority to audit the expenditure of these funds.

Each Trust Account established shall be supported by an executed Trust Fund Agreement (New Trust Form), which clearly indicates the source and purpose of the Trust Account and states the pertinent section of Education Code Section 89721, giving rise to the establishment of the account. Each such Agreement shall be reviewed by Financial Services and requires the approval of the Associate Vice President of Finance and the University Controller. All Trust Accounts will be subject to renewal and approval by Financial Services on a bi-annual (every other year) basis using the Trust Fund Agreement Renewal Form.

Establishing a New Trust Account

The Trust Fund Agreement (New Trust Agreement Form) will be used to request the establishment of a new University Trust Account. The form must be completed in accordance with the Guidelines for the Establishment and Administration of Trust Accounts as described herein. The forms can be found at http://finance.fullerton.edu/Controller/Accounting/TrustFunds.aspx.
The purpose of the Trust Account must clearly state why the Trust Account is needed and how the activity is governed by the criteria specified in Education Code Section 89721. Sources of funds and types of expenditures must be detailed so as to assist in the management of the trust project. Attach any supporting documentation such as agreements, restrictions or reporting requirements that will impact the administration of the account.

Expenditures from the account will either be made directly from the Trust Account or from the Trust Account as a reimbursement to another account where the expenses were incurred. All expenditures must be made in accordance with the purpose as stated in the approved Trust Fund Agreement and approved by an authorized signatory. All expenditures will be reviewed for compliance to the Trust Fund Agreement by Accounting Services prior to the processing of payment. Expenditures will only be processed if there are funds available in the Trust Account at the time of the request.

State the disposition of remaining funds at the termination of the trust project. For example, funds may be reclassified to the operating or other appropriate state fund, returned to donor, etc.

Specify the expected duration or time constraints associated with the account. If the account is for a project, specify the termination date. If the account is for an on-going concern, specify indefinite.

Specify in detail, the planned use of the projected ending fund balance. This may include an extraordinary purchase that is in compliance with the purpose of the Trust, a temporary reduction in fees, etc. Trust Accounts should not be generating large surpluses but rather generating revenue to fund expenses associated with providing the service or activity.

Signature specimens must be on file for those authorized to expend from the Trust Accounts. Expenditures must be approved by the authorized signatories on the Trust Fund Agreement. Any change in signatories should be reported immediately to Accounting Services. To update signatory information, update the Trust Agreement Renewal Form –Signatory Information, which can be found at http://finance.fullerton.edu/Controller/Accounting/TrustFunds.aspx. Failure to maintain update signatory information could result in a delay in the processing of expenditures.

The Trust Budget section of the Trust Fund Agreement (New Trust Form) specifies certain types of revenue and expenditure categories that may be used. If other major categories of revenue and expense are not specifically stated, provide the information on the form. In completing the Trust Budget section, provide a best estimate of projected revenues and expenses for the upcoming fiscal year. Budgets for Trust Accounts will be revisited bi-annually as part of Trust Fund Agreement Renewal process described below. Accounting Services, upon request, will assist in completing the Trust Budget section.

Excess cash in Trust Funds are invested and interest income is posted to the Trust Accounts. In addition, Financial Services charges a fee of up to 6% to each Trust Account for account administration and maintenance.

The department must complete New Trust Form, obtain the required signatures and forward the request to Accounting Services in CP-300 together with the CMS Chartfield Request Form. Once both are reviewed by Accounting Services, the Project Coordinator will be notified that the new Trust Account is available.
Bi-annual Renewal of Existing Trust Fund Accounts

On a bi-annual basis in mid-June, each department with an existing trust account(s) will receive a Trust Fund Agreement Renewal Form from the Controller’s Office (Accounting Services). The Form is used to review and update the information contained in the Trust Fund Agreement currently on file with Accounting Services. The Trust Agreement Renewal Form must be completed, approved, and returned to the Controller’s Office by July 1st in order to ensure that the Trust Account is updated and made available for the (up)coming fiscal year(s).

Changes to Trust Account Information During the Fiscal Year & Between Renewal Periods

Trust Fund Agreement information and signatories may be updated at any time by submitting a Trust Agreement Renewal Form. Page one of the Trust Agreement Renewal Form may be submitted to close an account or update general trust agreement information (i.e. purpose, fund sources, types of expenditures, duration, etc.). Once received and reviewed by Accounting Services, the Project Coordinator will be notified that the Trust Account revisions have been made.

Any change in signatories should be reported immediately to Accounting Services. To update signatory information, update the Trust Agreement Renewal Form – Signatory Information page (Page two), which can be found at http://finance.fullerton.edu/Controller/Accounting/TrustFunds.aspx. Accounting Services must review the submitted signatory revisions prior to the establishment of individual's new signatory authority.

Use of the University Procurement Card with Trust Accounts

If the Approving Official for a Procurement Card transaction is an authorized signatory under a Trust Fund Agreement, only the Approving Official’s online approval of the Procurement Card transaction is required. However, if the Approving Official is not an authorized signatory on the Trust Fund Agreement, a separate approval by an authorized signatory under the Trust Fund Agreement is also required. The authorized signatory is required to also sign the front of the monthly Procurement Card statement.

Do you have questions or need help?

- Contact: Felicity Tan, Accounting Services, (657) 278-4281
- Send an email to: ftan@fullerton.edu