Handouts & Web links

• UBI 228 Workshop PowerPoint
• New Trust Account Agreement Form
• Workshop Survey

Trust Accounting Website:

• [http://finance.fullerton.edu/Controller/Accounting/TrustFunds/](http://finance.fullerton.edu/Controller/Accounting/TrustFunds/)
UBI 228 Agenda

We will learn about Trust Account procedures including:

– An overview of the entire trust account information website content.
– Overview of trust accounts & what is allowed under CA Education Code 89721 and CSU EOs
– Understanding and completing the trust account form "New Trust Account Agreement"
– Understanding the trust account renewal process & P-Card usage restrictions

• Q&A Time
UBI 228 Overview

• This workshop summarizes the authorities and defines the procedure for establishing local trust accounts
  – Defined in the CA Education Code and CSU Executive Order 1000.

• The intent of such funds is to carry out the primary functions of Cal State Fullerton, and the California State University as determined by the trustees.
What Are Trust Funds

Funds comprised of various financial assets intended to provide benefits to an individual or organization.

• Functions:
  – Self-balancing funds
  – Disbursements made only for the purpose for which the trust was established

• Requirements:
  – Must maintain a positive cash and fund balance
  – University shall report revenues, expenses, and net assets
CSU Executive Orders and Educational Codes

• Executive Order (EO) 1000
  — Provides the fundamental principle and general guidance for managing, depositing, and safekeeping of various funds in accounts

• CA Education Code § 89721
  — States that the money received in connection with certain sources or purposes shall be deposited and maintained in a Trust Account
Trust Account Basics

• Each trust account established shall be supported by a Trust Fund Agreement New Trust Form

The Trust Fund Agreement indicates:

– The pertinent information that gives rise to the establishment of the account according to the CA Education Code § 89721

– The source and purpose of the trust account
Trust Account Basics

Each Trust Agreement:

- Is reviewed by Financial Services
- Requires the approval of the Associate Vice President of Financial Services and the University Controller
- Must be renewed and approved on a bi-annual basis using the Trust Fund Agreement Renewal Form
Trust Account Basics

Trust accounts do not expire unless terminated by both parties through written statements

- Contact Accounting Services & Financial Reporting for assistance

- Trust accounts can be changed:
  - Anytime
  - During the bi-annual renewal period
Common Trust Fund Chartfields

- When running reports and queries for trust accounts, run by only Trust Fund sources.

- Types of fund sources: TTXXX, TSXXX, and TZXXX
Roles

Types of authorized signatures for disbursement include:

• VP of Division/Division Head:
  – Divisional signatory authority for Trust Account Expenditures

• Project Coordinator
  – Individual coordinating and managing all aspects of the Trust Account

• Dean/Administrator
  – Individual who has additional oversight on a Trust Account’s revenue and expenditures
Roles

All authorized signatories agree to the financial requirements of the Trust Fund Agreement.

– Signatories must:
  • Confirm any expenditure conforms to CSUF and CSU Trustee policies on Trust Fund Projects
  • Follow sound budgetary and fiscal policies
Any Questions???
Establishing a New Trust Fund

1. Each Trust Fund established shall be supported by an executed New Trust Account Agreement form, which clearly indicates the source and purpose of the Trust Account.

2. Each such agreement shall be reviewed by Financial Services and requires the approval of the Associate Vice President of Finance and the University Controller.

3. Once approved, Accounting Services will create a new fund in the PeopleSoft Financial system (CFS).

4. The requestor will be notified when the fund is ready for use.
New/Separate Trust Accounts

You may want to create a new/separate trust account for different events or activities.

• Examples include:
  – Construction and capital projects
  – Money received by trustees for research, workshops, conferences, institutes and special projects
  – Fees collected for services, materials, and facilities provided by the campus which are solely used to offset the costs of providing such services
  – Refundable deposits
Establishing a New Trust Account

• The Trust Fund Agreement (New Trust Agreement Form) is used when requesting 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.
• The form can be found at: http://finance.fullerton.edu/Controller/Accounting/TrustFunds.
Establishing a New Trust Account

• Form components – Page 1
  – Project Title
  – Purpose (Describing purpose of Trust Fund)
  – Source of Funds
  – Types of Expenditures
  – Agreements, Restrictions, Reporting Requirements
  – Expected Duration/Time Constraints
  – Disposition of Funds
  – Planned Use of Fund Balance

• Form Components – Page 2
  – Authorized Signatures – Trust Budget
NEW TRUST ACCOUNT AGREEMENT FORM

Revise April 2010

FISCAL YEAR ___________________ EFFECTIVE DATE ___________ EXPIRATION DATE ___________

PROJECT TITLE: ____________________________________________

Note: All Trust Accounts are subject to bi-annual renewals. University Guidelines for the Establishment and Administration of Trust Accounts can be found online at http://finance.fullerton.edu/Controller/Accounting/TrustFunds.aspx.

1. PURPOSE (DESCRIBE PURPOSE OF TRUST FUND)

________________________________________________________________________________________

2. SOURCE OF FUNDS (SPECIFY SOURCE OF FUNDS)

________________________________________________________________________________________

3. TYPES OF EXPENDITURES (DESCRIBE THE TYPE(S) OF EXPENDITURES PERMITTED FROM THIS FUND)

________________________________________________________________________________________

4. AGREEMENTS, RESTRICTIONS, REPORTING REQUIREMENTS (ATTACH SUPPORTING DOCUMENTATION IF APPROPRIATE)

________________________________________________________________________________________

5. EXPECTED DURATION/TIME CONSTRAINTS (PLEASE INDICATE END DATE OR "INDEFINITE")

________________________________________________________________________________________
Establishing a New Trust Account

Purpose

• 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 CA Education Code § 89721.

Source of Funds/Types of Expenditures

• Sources of funds and types of expenditures must be detailed so as to assist in the management of the trust project (aka trust account).
  – Attach any supporting documentation such as agreements, restrictions or reporting requirements that will impact the administration of the account.
Types of Trust Account Expenditures
Trust Account Expenditures will:

- Either be made directly from the trust account or from the trust account as a reimbursement
- Only be processed if there are funds available in the trust account at the time of the request
Trust Account Requirements

All expenditures must be approved by an authorized signatory and be on file to expend from the trusts.

- Any signatory change should be reported immediately to Accounting Services & Financial Reporting.
  - Failure to update signatory information could result in processing delays.
Trust Account Expenditures

- Expenditures 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.
- Expenditures will only be processed if there are funds available in the Trust Account at the time of the request.
- All expenditures will be reviewed for compliance to the Trust Fund Agreement by Financial Services prior to the processing of payment.
Reimbursement

• Expenditures outside of the trust account can be reimbursed; however, they must meet the purpose stated in the trust account.

• Expenditure transfer for a state account is allowed if it meets the purpose stated in the trust account.
  – Same fiscal year only
Trust Fund Administration

• Trust Funds should only generate revenue to fund expenses associated with providing a service or activity.
• There should be no significant excess in revenue.
• The cash balance (Account 101903 - Investment-Wells Fargo) must not be negative.
• Expenditures can only be made against existing deposits.
Trust Account Expenditures

• Expenditure authority DOES NOT include the authority to enter into any contractual agreements including those described as memoranda of understanding (MOU), whether with another agency, auxiliary organization, university, vendor or business.

• Authority to contract and procure is strictly delegated to the VP of Administration and Finance/CFO, the Associate Vice President for Financial Services, and the Contracts and Procurement Department.
Disposition & Time Duration

- 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**.
Planned Usage

• 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 of revenue/income.
  – Instead, generating revenue to specifically fund expenses associated with providing the service or activity.
Restricted Use Area of Form

- Accounting Services works with the Budget Office to assign the proper Chartfield String.
- Administrative fees are determined by the University Controller per CSU policies.

6. DISPOSITION OF FUNDS AT TERMINATION OF PROJECT/INSTRUCTIONS FOR CLOSING THIS ACCOUNT (APPROVAL REQUIRED BY THE UNIVERSITY CONTROLLER)

7. PLANNED USE OF FUND BALANCE

DIVISION OF ADMINISTRATION & FINANCE USE ONLY - NO CHANGES CAN BE MADE TO INFORMATION. CONTACT ACCOUNTING SERVICES FOR QUESTIONS OR CHANGES.

SCO FUND | CSU FUND | ADMIN FEE % | FUND | DEPT

Authorization Reference: [ ]
# New Trust Account Form – Page 2

**CALIFORNIA STATE UNIVERSITY, FULLERTON**

**TRUST FUND AGREEMENT**

**NEW TRUST FORM**

*REVISED APRIL 2010*

## AUTHORIZED SIGNATURES FOR DISBURSEMENT

<table>
<thead>
<tr>
<th>DESCRIPTION</th>
<th>PRINTED NAME</th>
<th>SIGNATURE</th>
<th>DATE</th>
</tr>
</thead>
<tbody>
<tr>
<td>VP of Division/Division Head</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Project Coordinator</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Dean/Administrator</td>
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<td></td>
<td></td>
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<tr>
<td>Dean/Administrator</td>
<td></td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

By checking this box, the above noted signatories certify they have read and agree to all financial requirements for this trust fund agreement. They confirm that any expenditure activity authorized by the authorized signer(s) noted above will conform to California State University, Fullerton and CSU Trustee policy, specifically Trust Fund Projects, and follow sound budgetary and fiscal practices.
Trust Account - Budget Section

• The Trust Budget section of the Trust Fund Agreement (New Trust Form) specifies certain types of revenue and expenditure categories that may be used.
  – Including administrative fee, direct and indirect cost recovery charges
• If other major categories of revenue and expense are not specifically stated, provide the information on the form.
• Provide a best estimate of projected revenues and expenses for the upcoming fiscal year for the new account.
Trust Account - Budget Section

- 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.
Budget Expense Categories

• Personal Services
• Operating Expense & Equipment
• Travel
• Financial Services Fee
• Other

Class Activity: You are a signatory for an accounting conference trust account. Name expense items for an above category.
What Costs are What??

• There are 3 types of costs that need to be considered for the Budget section
  1. Direct Costs
  2. Incremental Costs
  3. Indirect Costs
Direct Costs

Direct costs

• Expenditures initially incurred by the university

• Easily determined and recharged based on the actual cost of the goods or services provided
Direct Costs

Direct costs chargeable to another campus department, outside entity/individual, or auxiliary organizations include, but are not limited to:

- Faculty release time
- Communications
- Metered utilities
- Specifically identified incremental costs
Incremental Costs

Incremental costs

• Change in university’s out-of-pocket expenses related to activities, projects, or programs assigned to an auxiliary organization or another campus department

• For example
  – If more people attend a conference, expenditures such as material costs, possible seating, or location costs might increase
Indirect Costs

Indirect costs

- Allocation based on a process that is reasonable and practicable to the activity and related costs

- The basis of allocating costs may vary

- A percentage, transaction cost, or proportionate distribution may be applied to the applicable workload measure
Projecting Current Year Costs

• What is NOT generally included in the budget:
  – One-time costs allocated by the University or Division VP.
  – One-time allocations by the CSU each year for specific programs or reimbursements.

• Why would the Trust Budget Change?
  – New objectives or special project focus of the trust require additional funding.
  – New positions added? New or “mature” activities?
  – Existing positions filled with new hires at different salary or benefits than previous occupant?
Projecting Current Year Costs

• Budget changes could affect the trust account’s:
  – Purpose
  – Revenue sources
  – Agreements and reporting requirements
  – Expenditures

• A revised Trust Agreement would need to be submitted to Accounting Services & Financial Reporting
Cost Allocation

As needed, the cost allocation plan should identify an equitable cost allocation methodology for each of the costs related to the activity.

• Examples include:
  – Rental of space
  – Services performed by state employees, etc.
Administrative Fees – Financial Services Fee

• Administrative fees are determined by the University Controller per University and CSU policies.
  – A fee of up to 6% (based on revenues/deposits) maybe charged to reimburse Financial Services for business and financial services provided to support the Trust Fund activities.
  – Fee calculated on revenues earned (account 5xxxxx).
  – Fee charges assessed quarterly and appear as an expense in account 660804 (admin charges)

• Augmented Health fee trusts are subject to 8% administrative charge per CSU EO 814.
# TRUST BUDGET - CURRENT FISCAL YEAR

**Sources of Funds (Revenue)**
(if applicable, current fee level $ ____________)

<table>
<thead>
<tr>
<th>Project Beginning Balance</th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>Revenue from Students</td>
<td></td>
</tr>
<tr>
<td>Revenue from Outside entities</td>
<td></td>
</tr>
<tr>
<td><strong>Other (Please Specify)</strong></td>
<td></td>
</tr>
</tbody>
</table>

**Amounts ($)**

**Total Projected Sources of Funds (include Projected Beginning Fund Balance)**

**Use of Funds (Expense)**

<table>
<thead>
<tr>
<th>Personal Services</th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>Operating Expense and Equipment</td>
<td></td>
</tr>
<tr>
<td>Travel</td>
<td></td>
</tr>
<tr>
<td>Financial Services Fee</td>
<td></td>
</tr>
<tr>
<td><strong>Other (Please Specify)</strong></td>
<td></td>
</tr>
</tbody>
</table>

**Total Projected Uses of Funds**

**Projected Fund Balance at Fiscal Year End**

---

**Division of Administration & Finance Use Only**

No changes can be made to information. Contact Accounting Services for questions or changes.

**Approval Signatures**

<table>
<thead>
<tr>
<th>Description</th>
<th>Printed Name</th>
<th>Signature</th>
<th>Date</th>
</tr>
</thead>
<tbody>
<tr>
<td>Controller</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Associate Vice President, Financial Services</td>
<td></td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

Date Received: [ ]
Effective Date: [ ]
ADMIN Fee %: [ ]
FUND: [ ]
DEPT: [ ]
Interest to Trust Funds

• Accounting Services & Financial Reporting distributes investment earnings on a quarterly basis or as information is provided by the Chancellor’s Office.
  – Investment Distribution Allocation (IDA) is calculated based on the trust fund's average daily cash balance (ADB) during the month.

• Funds with negative average daily balance do not earn interest nor assessed interest expense.
Submitting Forms & Final Steps

1. Complete the New Trust Form
2. Obtain Required Signatures
3. Complete CMS Charfield Request Form
4. Forward Both Request Forms to Accounting & Reporting Services in CP-300
Submitting Forms & Final Steps

Once both forms are reviewed by Accounting Services & Financial Reporting, the Project Coordinator will be notified that the new trust account is available.

- At that time, revenues can be deposited and expenses can occur for the new trust fund account.
Any Questions???
Bi-annual Renewal of Existing Trust Fund Accounts

Starting in June 2013
Bi-annual Renewal of Existing Trust Fund Accounts

• On a bi-annual basis in mid-June, each department with an existing trust account will receive a Trust Fund Agreement Renewal Form.
  – The next renewal period is from 7/1/2013 to 6/30/2015.
• At that time, review and update the information contained in the Renewal Form that was sent to you.
  – The form contains the current information on file for your trust account
Bi-annual Renewal of Existing Trust Fund Accounts

• The Trust Agreement Renewal Form:
  – Due Date is July 1\textsuperscript{st} (first day of new fiscal year)
  – Must be completed, approved, and returned to the Controller’s Office.

• Ensures that the Trust Account is updated and made available for the (up)coming fiscal year(s).
Asma must present us with another Visa status to be eligible for U.S. Employment.

Sample Renewal Form – Last Period

CALIFORNIA STATE UNIVERSITY, FULLERTON
TRUST FUND AGREEMENT
RENEWAL FORM
REvised MARCH 2011

Fiscal Year 2011/2012
Effective Date 7/1/2011
Expiration Date 6/30/2013

Questions? Contact Accounting Services.

Submit by E-mail
Print Form

PROJECT TITLE: Instructionally Related Activity Fee

UPDATE STATUS:
(Must click one)

☐ No changes to existing agreement information.
☐ Modifications made to agreement information below. Enter into "REVISIONS" below. Accounting Services will follow-up regarding revisions.
☐ Request to close account (Accounting Services will contact you directly).

EXISTING TRUST AGREEMENT INFORMATION ON FILE WITH ACCOUNTING SERVICES

1. PURPOSE (DESCRIBE PURPOSE OF TRUST FUND)

To collect Instructionally Related Activity Fee revenue and disburse funds based upon approved claim schedules from the Associated Students, CSUF, Inc. The claim schedules have been audited by the ASI Accounting Manager for appropriateness of the expenditures.

REVISIONS:

2. SOURCE OF FUNDS (SPECIFY SOURCE OF FUNDS)

Student Fee Revenue and Interest Income

REVISIONS:
3. TYPES OF EXPENDITURES (DESCRIBE THE TYPE(S) OF EXPENDITURES PERMITTED FROM THIS FUND)

To support the purpose of the Instructionally Related approved programs

REVISIONS:

4. AGREEMENTS, RESTRICTIONS, REPORTING REQUIREMENTS (ATTACH SUPPORTING DOCUMENTATION IF APPROPRIATE)

None

REVISIONS:

5. EXPECTED DURATION/TIME CONSTRAINTS (PLEASE INDICATE END DATE OR "INDEFINITE")

Indefinite

REVISIONS:

6. DISPOSITION OF FUNDS AT TERMINATION OF PROJECT/INSTRUCTIONS FOR CLOSING THIS ACCOUNT (APPROVAL REQUIRED BY THE UNIVERSITY CONTROLLER)

Revert to Campus Operation Fund

REVISIONS:

7. DESCRIBE ANY SIGNIFICANT CHANGES TO TRUST FUND BUDGET DURING THIS RENEWAL TERM (I.E. CHANGES TO FUND SOURCES OR USES).

DIVISION OF ADMINISTRATION & FINANCE USE ONLY - NO CHANGES CAN BE MADE TO INFORMATION. CONTACT ACCOUNTING SERVICES FOR QUESTIONS OR CHANGES.
## EXISTING TRUST AGREEMENT SIGNATORY INFORMATION ON FILE WITH ACCOUNTING SERVICES

**AUTHORIZED SIGNATURES FOR DISBURSEMENT**

Note: If authorized signature has changed, please note changes below in the REVISION section.

<table>
<thead>
<tr>
<th>DESCRIPTION</th>
<th>PRINTED NAME</th>
<th>SIGNATURE</th>
<th>DATE</th>
</tr>
</thead>
<tbody>
<tr>
<td>VP of Division</td>
<td>Robert Palmer</td>
<td>SIGNATURE ON FILE</td>
<td>6/18/2008</td>
</tr>
<tr>
<td>Project Coordinator</td>
<td>Stephen Udell</td>
<td>SIGNATURE ON FILE</td>
<td>6/12/2008</td>
</tr>
<tr>
<td>Dean/Administrator</td>
<td>Cecilia Patz</td>
<td>SIGNATURE ON FILE</td>
<td>6/30/2008</td>
</tr>
<tr>
<td>Dean/Administrator</td>
<td></td>
<td>SIGNATURE ON FILE</td>
<td></td>
</tr>
</tbody>
</table>

By checking this box, it is verified that all authorized signatories agree to all information on this trust fund renewal agreement form. The authorized signatories confirm that expenditure activities will conform to California State University, Fullerton and CSU Trustee policy, specifically Trust Fund Projects, and follow sound budgetary and fiscal practices.

By checking this box, I, the preparer, certify that those named above as authorized signatories are still current and are authorized to approve requisition and disbursement documents.

By checking this box, I, the preparer, certify that those named below need to be revised as authorized signatories. This Trust Fund Agreement Renewal Form is to be submitted to Accounting Services with appropriate signatures. Accounting Services must review the below submitted signatory revisions prior to the establishment of individual’s new signatory authority.

Preparer’s Name: ___________________________ Date Completed: 3/28/11 Ext.: ___________
# Signatory Revisions

## Revisions to Trust Agreement Signatory Information on File with Accounting Services

**New Authorized Signatures for Disbursement**

Note: If authorized signature has changed, please select the type of change & description. Type in the person's name. Once completed, print out this page and have the individual(s) sign the form. Send this signed page to Accounting Services, CP-350.

<table>
<thead>
<tr>
<th>Type of Change</th>
<th>Description</th>
<th>Printed Name</th>
<th>Signature</th>
<th>Date</th>
</tr>
</thead>
<tbody>
<tr>
<td>Add</td>
<td>VP of Division Project Coordinator</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td>Dean/Administrator Controller</td>
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<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td>Associate VP, Financial Srvcs</td>
<td></td>
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<td></td>
</tr>
<tr>
<td>Delete</td>
<td></td>
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</tr>
</tbody>
</table>

Division of Administration & Finance use only - No changes can be made to information. Contact Accounting Services for questions or changes.

Date Received: 
Effective Date: 
CMS Fund: TA002
CMS Dept: 10021
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 should be completed to:
  – Close an account
  – Update general trust agreement information (i.e. purpose, fund sources, types of expenditures, duration, etc.).
Changes to Trust Account Information During the Fiscal Year & Between Renewal Periods

• Any change in signatories should be reported immediately to Accounting Services.
  – To update, use the Trust Agreement Renewal Form – Signatory Information page (Page Two).

• Accounting Services & Financial Reporting must review the submitted signatory revisions prior to the establishment of individual's new signatory authority.

• Once received and reviewed by Accounting Services, the Project Coordinator will be notified that the Trust Account revisions have been made.
Use of the University Procurement Card with Trust Accounts

Under certain conditions, a Trust Account fund source can be added to a P-Card

- Add on the initial application or submit a Revision Request Form to the Procurement Card Program

- Cardholder’s must follow all Procurement Card policies and Trust Fund restrictions for all purchases
Use of the University Procurement Card with Trust Accounts

- If the Approving Official (AO) for a Procurement Card transaction IS an authorized signatory on the Trust Fund Agreement:
  - Only the AO’s online approval is required.

- If the AO is NOT the authorized signatory on the Trust Fund Agreement:
  - Approval by an authorized signatory is required.
  - The authorized signatory must also sign the front of the monthly P-Card statement.
Q&A Time!!
My Contact Information

Greg Sweet
University Tax Compliance Manager
Adjunct Faculty, MCBE Dept. of Accounting
Phone: (657) 278-5671
Fax: (657) 278-1436
Email: gsweet@fullerton.edu
Additional Assistance

Need Further Assistance Contact:

Lynn Cayas
(657) 278-8474
lcayas@fullerton.edu

Steven Yim
(657) 278-4075
syim@fullerton.edu
Thank you for Attending!!

Have a great rest of the day!!