



## ACCOUNTING POLICIES & PROCEDURES

<b>Subject:</b>  <b>Trust Accounts</b>	<b>Class: General Accounting</b>	<b>Supersedes:</b> <u>N/A</u>
	<input type="checkbox"/> Complete Revision <input checked="" type="checkbox"/> Partial Revision <input type="checkbox"/> New	<b>Procedure No. (rev):</b> <p style="text-align: center;"><b>GA-01</b></p>
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*Policy*

Trust accounts should be appropriately documented, controlled and accurately maintained.

*General*

The California State University Trust fund is used as a depository of moneys received from various sources that are not immediately needed for purposes for which they were deposited. The fund is also used to administer student loans and scholarship programs provided by the state and federal moneys. Moneys are received by the fund to be maintained in special trust accounts in connection with the following sources and purposes:

1. Gifts, bequests, devices, and donations.
2. Any student loan or scholarship program.
3. Advanced payments for anticipated expenditures in connection with federal grants or contracts.
4. Payments from students who are enrolled in the international program of The California State University for room, board, and similar expenses.
5. Moneys received from The California State cafeteria revenues to pay for the replacement of equipment purchased with state moneys.
6. Miscellaneous receipts in the nature of deposits subject to return upon approval of proper application.
7. Fees and charges for services authorized by Section 89700 of the Education Code to offset the cost of providing those services.
8. Fees for instructionally related activities.
9. Fees for parking, health facilities or health services, and extension programs.
10. Revenue received from the California State Lottery Education Fund.
11. Moneys received by the trustees for research, workshops, conferences, institutes, and special projects.

*Procedures*

**Establishing Control**

Upon receiving a request for the establishment of a trust account, the trust accountant will forward a Trust/Project Agreement to the requestor. The agreement form must be reviewed and approved by the appropriate levels of management and contain:

1. The type of trust.
2. Donor or source of trust monies.
3. Purpose of the trust.
4. Time constraints.
5. Persons authorized to withdraw or expend funds.
6. Specimen signatures.
7. Reporting requirements.
8. Instructions for closing the account.
9. Disposition of any unexpended balances.
10. Restrictions on the use of monies for administrative or overhead costs.
11. The service fee charged for administering the account.

<b>Issue Date:</b> <b>9/22/98</b>	<b>Revised Date:</b> <b>6/30/04</b>	<b>Approved by:</b> <b>George V. Ashkar, Director Systemwide Financial Operations</b>
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Upon receipt of a properly completed form, the trust accountant will establish the account and retain the above documentation until the trust is dissolved.

**Renewal of Trust Agreements**

To ensure that complete trust agreements are maintained for all trust funds, the trust accountant will inventory the physical trust agreements on a semi-annual basis. The agreements will be reviewed for completeness and appropriate signatures. Any agreements with missing or inaccurate information will be updated.

**Expenditure Control**

All purchase requisitions that involve the expenditure of trust funds will be reviewed by the trust accountant to assure the expenditure is properly authorized and that funds are available.

**Review of Trust Balances**

To ensure that positive cash balances are maintained at all times, the trust accountant will run a report (COO\_GL\_TFBB\_BY\_FY) on a monthly basis which will identify cash positions for all trust funds. This report will be distributed to all Project coordinators whose trust accounts have negative or negligible cash balances. The trust accountant will follow-up with the Project Coordinator to ascertain the plan for resolution.

To ensure that positive fund balances are maintained for all trust accounts, the trust accountant will run Fund Condition Statement Reports (DFCS) on a monthly basis. This report identifies trust accounts with negative fund balances and it will be distributed to all Project Coordinators whose trust accounts have deficits. The trust accountant will follow-up with the Project Coordinators to ascertain the plan for resolution.

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