

CSU



ICSUAM
Section 3000
General Accounting

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3101.01 | Centralized Management of Cash and Investments

Effective Date: 4/1/2011 | **Revised Date:** 6/8/2012

POLICY OBJECTIVE

It is the policy of the CSU that all money in the possession of, or controlled by, the CSU will be deposited in the centralized Bank(s) designated by the Executive Vice Chancellor/Chief Financial Officer (EVC/CFO) of the CSU.

Unless otherwise authorized by executive order, decisions regarding the administration and management of all CSU cash and investments are the responsibility of the EVC/CFO or his/her delegates.

POLICY STATEMENT

The EVC/CFO will develop and publish CSU-wide cash management policies and procedures, and provide general coordination and guidance to campuses.

The EVC/CFO or his/her delegates has authority to:

- Select the commercial and custodial banks, into which CSU cash is deposited and from which such cash is disbursed.
- Designate the name of the CSU to all bank accounts, and assume direct ownership of such bank accounts in order to administer them, including opening, amending and closing such accounts.
- Make arrangements for internet payment services, lockboxes, electronic transfers of cash, escrow services, use of facsimile (e.g., mechanized or stamp) signatures, credit/debit card and other services to facilitate the collection or disbursement of cash.
- Designate representatives of the CSU who may sign checks or other orders for the payment/transfer of money.

The Chief Financial Officer (CFO) of each campus of the California State University must ensure that cash is deposited in the CSU approved central depository bank(s). No individual campus can initiate a new banking relationship without prior approval from the EVC/CFO or his/her designee.

Campuses must submit requests to open or close accounts and sub-accounts to the Chancellor's Office Cash Management Office (CMO) for review, and to the Assistant Vice Chancellor / Controller, Financial Services (AVCFS) in the Chancellor's Office for approval. All requests must be approved by the campus CFO.

The campus must maintain updated and valid signature cards of each person authorized to sign checks, drafts, or other orders for payment of money or to approve/release electronic transfers of cash against CSU checking accounts.

Campuses must periodically review their need for maintaining each centralized CSU bank account.

Campuses may engage a third party to assist in the receipt and disbursement of cash, cash equivalents and ACH transactions. When campuses engage such third parties to assist in the handling of CSU cash such as tuition fees, campus mandatory and academic fees, financial aid, or enterprise operating revenues, such third parties may not hold the cash longer than is required to process the handling of such cash, generally no longer than one business day. For all other CSU cash, such third parties may retain custody of CSU cash for periods longer than one business day only when the operating efficiencies gained by use of the third party would be eroded and/or negated by a daily remittance schedule. When third parties will retain CSU cash, the campus CFO must review and affirm the rationale for such terms outlined in the arrangement as it is entered into and upon periodic renewal.

If campuses engage associated Auxiliary Organizations to assist in the receipt and disbursement of cash, cash equivalents and ACH transactions, such arrangements may include the retention of CSU cash, when necessary, so long as the terms of the arrangement are in compliance with Executive Order 1059 and Title 5.

3101.02 | Campus Administration of Systemwide Cash Management Policy

Effective Date: 12/16/2013 | **Revised Date:** 12/16/2013

POLICY OBJECTIVE

It is the policy of the CSU that systemwide cash management policies be implemented in a manner that meets the internal control objectives and documentation retention requirements of the University. Each campus must prepare written procedures to implement this policy.

POLICY STATEMENT

The campus CFO or his/her delegate is responsible for implementing this policy at their campus. An individual must be designated as the campus' key contact for coordination with the Chancellor's Office Treasury department (Treasury). The campus CFO or his/her delegate must:

- Arrange for the preparation, documentation and implementation of operating procedures for cash management activities.
- Document variances from these policies and procedures when warranted by local circumstances.
- Ensure that an annual documented review of compliance with these policies and procedures is performed with risk results reported to the campus CFO.
- Notify Treasury of monies deposited electronically to or disbursed electronically from any CSU commercial bank account only when an individual transaction is equal to or exceeds \$200,000.
- Notifications to Treasury need to be made one business day prior to the transaction's settlement date.
 - Electronic deposits and disbursements include, but are not limited to, Automated Clearing House (ACH) transactions, wire transactions, or direct bank-to-bank electronic settlements.
 - The transaction amount in the notification can be actual or estimated.
 - Notifications to Treasury can be made via SharePoint, email, telephone, or other Treasury approved method.
 - In such cases where a campus contracts with third party vendors for the electronic collection or disbursement of funds, campuses are still responsible for delivering prompt and accurate notifications to Treasury.
 - Failure to comply with notification requirements may negatively impact systemwide cash positioning; consequently, Treasury may request a delay of disbursements.
 - If an overdraft occurs due to untimely or no notification by a campus, any resulting overdraft penalties will be passed through to that campus.

At a minimum, the campus' cash management procedures must include:

- Designation of cash handling units and individuals/positions performing functions related to cash handling and cash accounting.
- The process for creating or dismantling approved cashiering/ sub-cashiering locations, including physical locations, websites, third party processors, and any channel accepting credit card payments.
- Arrangements to ensure that the person or persons properly authorized to sign checks, drafts, or other orders for payment of money or to approve/release electronic transfers of funds against CSU accounts is/are covered by a fidelity bond.
- The requirement that monthly reconciliations must be completed within 30 days of the preceding month and must show the preparer's name/signature, reviewer's name/signature, date prepared, and date reviewed.

Processes for training to be provided to all cash handling employees upon employment and periodically thereafter. Such training must include instruction on cash handling procedures during a campus emergency. Employees in positions where cash handling is not their primary duty should be informed of designated cashiering sites and how to handle cash or cash equivalents that may be received at a non-cashiering location.

Benjamin F. Quillian
Executive Vice-Chancellor/Chief Financial Officer

Approved: December 16, 2013

3102.01 | Sensitive Positions and Cash Handling

Effective Date: 12/16/2013 | **Revised Date:** 12/16/2013

POLICY OBJECTIVE

It is the policy of the CSU that University assets be protected from employee error, negligence, malicious behavior, or criminal action. Campuses must establish written procedures to determine that all employees with direct cash handling duties, including temporary, casual and student employees, have the background and character to accept responsibility and accountability for handling CSU cash and cash equivalents.

POLICY STATEMENT

Employees with direct access to, or control over, cash, checks, other cash equivalents, credit cards, and/or credit card account information are considered to hold Sensitive Positions and are subject to background checks in accordance with HR Coded Memo 2005-10 and/or its successor policy.

The only exception to this policy is for temporary cash handling activities (e.g., parking attendants, ticket sellers) which may not warrant background checks. Instead, mitigating supervisory review controls should be employed in such instances.

3102.02 | Segregation of Cash Handling Duties

Effective Date: 4/1/2011 | Revised Date: 9/19/2012

POLICY OBJECTIVE

It is the policy of the CSU to establish and maintain an adequate separation of duties in the area of cash handling, so that no one individual has exclusive control over a given process. Campuses must establish written procedures to implement this policy.

POLICY STATEMENT

Separation of duties must be maintained when cash is received and no single person should have complete control. If campuses are unable to comply with any of the following requirements for lack of resources, campuses must establish comparable, mitigating controls approved by the campus CFO that can prevent and detect loss from fraud or negligence.

Separation of duties requirements:

- The storage and inventory of blank receipt stock must be handled by someone other than a cashier.
- The person collecting cash, issuing cash receipts, and preparing the departmental deposit must be someone other than the person performing the monthly review of the general ledger, the person maintaining accounts receivable records, or the person following up on collectibles.
- Deposit counts must be verified by a second person.
- Collections for returned checks, credit card charge-backs and ACH returns must be processed by other than cashiering staff.
- The person approving write-offs must be different from the person maintaining the returned item inventory.
- Accounts Receivable records must be secured from alteration by other than designated personnel. Campuses must maintain audit records of all changes to the Accounts Receivable records.
- Individual accountability must be maintained and documented for all cash handling procedures:
 - Each cashier must be assigned a unique user ID, login, password, and cash fund not accessible by or shared with other individuals. The unit must provide a cash register drawer, a cash drawer insert or another secure cash receptacle to which only the cashier has access. An endorsement stamp or its mechanical equivalent will be used to restrictively endorse for deposit all cash equivalent instruments as soon as possible but no later than the close of business on the date of receipt. Where electronic deposit is available and completed by the close of business on the date of receipt, restrictive endorsement is not required.
 - Cashiers must lock all cash and cash equivalents in a drawer or other secure receptacle whenever leaving the immediate area.
 - Documentation of cash differences (overages and shortages) must be maintained for each cashier for subsequent review by a supervisor.
- Mailed remittances must be verified, processed by a separate individual, and restrictively endorsed for deposit or electronically deposited by the close of business on the date of receipt.
- All cash transfers must be documented and the documentation of accountability maintained by category (i.e., currency, checks and other forms of payment).

Campuses must make every effort to ensure that key tasks (e.g. receipt, reconciliation, entering journal entries) shall be performed by different personnel. Mitigating controls such as periodic reports that are reviewed and approved by a supervisor and maintained as an audit record, reconciliations with inventory counts, and bank record reconciliations to cash count records by a supervisor or unrelated party, can serve as adequate control techniques when staffing levels do not afford full segregation.

3102.03 | Acceptance of Cash and Cash Equivalents

Effective Date: 4/1/2011 | **Revised Date:** 9/19/2012

POLICY OBJECTIVE

It is the policy of the CSU that cash and cash equivalents be collected and documented in a timely, controlled and cost-effective manner. Each campus must prepare written procedures to implement this policy.

POLICY STATEMENT

The Chief Financial Officer (CFO) of each campus or his/her delegate will designate and authorize official campus cash collection points. Cash and cash equivalents will only be accepted at official cash collection points.

A campus may accept only U.S. currency and coins when cash is received.

Each campus must comply with Federal and State Laws and Regulatory requirements governing transactions involving currency and coin (see Resources and References section below for requirements).

All checks must be payable to: "California State University", "The Trustees of California State University", the campus name (i.e. San Diego State University) or reasonable variations thereof. All invoices or other documents requesting payment must clearly advise payers of this requirement.

Items not payable to the campus must be listed and forwarded to the appropriate entity (if identifiable), or returned to the payee no later than 30 days from receipt.

Checks accepted by the University must contain all legally required elements including:

- Dating no earlier than 180 days prior to the day of acceptance (unless a shorter time period is clearly marked on the face of the check) and no later than the day of acceptance.
- Legible and consistent amounts, both the numeric and written.
- Valid signature by the account holder.

Checks bearing the legend "Payable/Paid in Full" are not to be accepted.

Checks drawn on foreign bank accounts that are not acceptable at face value by the depository bank (e.g., if drawn in a foreign currency) must not be recorded, but must be sent to and approved by the depository bank for collection within 30 days of receipt.

Checks, including mailed remittances, must be restrictively endorsed for deposit (endorsement stamp or its mechanical equivalent) or electronically deposited as soon as possible but not later than the close of business on the day of receipt.

When the proper account(s) to which a check should be credited cannot be readily determined, it will be deposited and recorded as "un-cleared collections" and copies used to research correct recording instructions.

An official CSU cash receipt should be recorded for each collection. A collection not recorded on cash register or point of sale equipment, including mailed payments, can be recorded on a valid pre-numbered, multiple-part Cash Receipt or a mailed payments log. The receipts must be used sequentially. Receipt stocks shall be kept secured, inventoried and regularly reviewed to prevent and detect alteration. Mailed payments log should be reviewed and reconciled periodically.

In circumstances where it is not practical (e.g., event parking) to process a receipt, other mitigating controls must be implemented, such as pre-numbering of tickets, ticket inventory reconciliations, and ticket count reconciliations against cash collected.

If the original receipt is lost, destroyed or otherwise unavailable, the campus procedures may authorize substitution of a duplicate receipt that contains all of the elements of the original receipt and is clearly marked

"duplicate", "copy" or some other designation that indicates that this item is not the original document.

Electronic Based Cashier Point of Sale Equipment must meet the University security and operational standards, which are:

- All cash registers and point of sale equipment must produce a cash receipt with a unique campus identifier assigned to each customer.
- The cash-recording equipment must be controlled by unique consecutive numbers generated automatically and recorded with each transaction, as well as imprinted on the customer receipt.
- The numbering mechanism providing consecutive transaction number control must be accessible only to the manufacturer's service representative or appropriate personnel who are independent of that cashiering station.
- Each cashier must be assigned a unique user ID, login, password, and cash fund not accessible by or shared with other individuals.
- All cash registers and point of sale equipment must produce session closeout audit totals for verification to receipts.
- All cash registers and point of sale equipment must require a supervisor's approval in order to process refunds or voids after a completed sale.

3102.04 | Physical Protection of Cash and Cash Equivalents

Effective Date: 4/1/2011 | **Revised Date:** 7/10/2012

POLICY OBJECTIVE

It is the policy of the CSU that physical security of cash and cash equivalents is ensured at all times. Each campus must prepare written procedures to implement this policy.

POLICY STATEMENT

Excess cash must be removed from the cash register drawer during the business day and transferred to a secure cash handling area/vault. Excess cash can be defined by local campus practice.

At the close of business, all cash must be secured. Lockable receptacles or burglarproof/fire resistant safes to store cash and cash equivalents must be utilized (refer to CSU Safe Requirements below). Where the guideline is less restrictive than what is required as a condition of liability coverage by CSU insurance carriers, the CSU will conform to the requirements provided by the insurance carrier.

The campus CFO must establish campus-wide procedures to ensure the safety and security of deposits and personnel while in transit between campus locations. At a minimum, transport must be accomplished jointly by at least two employees. When deposits exceed \$2,500, employees shall be escorted by campus police. When determined necessary, armored car service or police escort will be used. Transporting deposits between cashiering sites or to the bank will be accomplished in a secure manner in order to protect the financial assets and individuals involved in transport.

Cash and cash equivalents must be locked in a secure receptacle or safe at all times except when signed out by a cashier for working cash. If the cashier needs to leave their work area for any reason, the cash drawer must be secured.

Campuses must implement physical security systems (i.e. alarms, panic buttons, motion detectors, security cameras, etc.) to ensure the safety of funds and personnel in areas where large amounts of cash are collected. If more than \$2,500 in cash and cash equivalents is regularly on hand, a manual robbery alarm system or other appropriate measure must be installed for use during business hours to alert campus police or local law enforcement in the event of a robbery or other irregularity. If more than \$25,000 in cash and cash equivalents is stored overnight, an automated alarm system is required to alert campus police or local law enforcement if the storage area is entered after business hours.

Campuses must develop local written procedures so that the safe's combination is given only to authorized personnel and records maintained as to who has access to the combination.

A safe's combination must be changed whenever a person who knows the combination leaves the employ of a cash handling unit. Documentation must be maintained showing the date and the reason for the combination changes.

Each cashier must be provided with a separate lockable receptacle to which only that cashier has access. Duplicate keys must be safely stored away from the safe and be retrieved only under dual control.

Funds or property not related to the operation of the University must not be stored in the safe/vault.

The physical setup of all cashiering stations must be reviewed by Campus Risk Management personnel to ensure the safety of funds and personnel. Such reviews must be in writing and retained per campus fiscal records retention policy.

3102.05 | Debit/Credit Card Payment Policy

Effective Date: 4/1/2011 | **Revised Date:** 7/1/2011

POLICY OBJECTIVE

It is the policy of the CSU that acceptance and processing of Debit/Credit Card payments adhere to prevailing rules, regulations, and laws pertinent to Debit/Credit Card payments processing. Each campus must prepare written procedures to implement this policy.

POLICY STATEMENT

The campus CFO or his/her designee must approve of all physical locations, websites, 3rd party processors, or any channel accepting credit card payments. Credit card payments will only be accepted at approved locations, using an approved CSU merchant card processor.

Cashiering sites accepting credit card payments should use only Point of Sale terminals or equipment supplied to the location by the campus' merchant card processor. All Point of Sale terminals and systems must be configured to prevent retention of the full magnetic strip, card validation code, PIN, or PIN Block cardholder data once a transaction has been authorized. If any account number, cardholder name, service code, or expiration date is retained, it must be encrypted and protected according to the standards outlined in the Payment Card Industry (PCI) Data Security Standards.

Manual requests to process a customer's credit or debit card must contain all of the following elements:

- a. Properly signed/executed authorization from the cardholder (unless processing over the telephone as provided for in NACHA guidance on TEL transactions),
- b. Credit/debit card account number with expiration date,
- c. The card holder's correct billing address,
- d. Authorization codes, if the cardholder is not physically present.

Should a manual initiating document be created in certain circumstances (via imprint or manual transcription of card information), such documents must be secured, and retained and/or disposed of according to the records retentions schedules.

All University deployed gateways must operate in conformity with prevailing PCI Data Security Standards (see Principles section below) and must be compatible with the University's merchant card processor.

Checks received and converted into an ACH transaction, or telephone authorizations for payment shall be processed in conformance to the National Automated Clearinghouse Association (NACHA) Operating Rules and compliant to relevant State and Federal rules and regulations (see Guidelines section below).

The University will not accept payment by email or fax transmission.

3102.06 | Returned Items

Effective Date: 4/1/2011

POLICY OBJECTIVE

It is the policy of the CSU that all returned items be processed and resolved in a controlled and timely manner. Each campus must prepare written procedures to implement this policy.

POLICY STATEMENT

Cash Equivalents (Money Orders, Travelers Checks, Cashier Checks and Certified Checks) and Checks:

- Physical security and accountability for returned cash equivalents and checks must be maintained during the processing of the returned item.
- A non-cashiering unit is to provide processing of returned cash equivalents and checks.
- Cash equivalents and checks that are deemed to be uncollectible are to be returned by the depository bank to the designated non-cashiering unit.
- A returned cash equivalent or check must be redeemed by guaranteed funds. For the purpose of this policy, guaranteed funds are any form of payment where a surety guarantees performance on the obligation.
- The person maintaining the inventory of returned cash equivalents and checks must not handle the cash received to redeem the returned items.

ACH (Automated Clearing House/ E-Checks):

- ACH returned to the campus must be controlled during the processing of the returned item.
- A non-cashiering unit is to provide processing of returned ACH items.
- ACH transactions that are deemed to be uncollectible are to be returned by the depository bank to the designated non-cashiering unit.
- The person approving the request to write-off uncollectible ACH debits must not maintain the inventory of returned ACH debits.
- A returned ACH debit must be redeemed by guaranteed funds.
- Campuses shall establish controls to prevent and detect alterations to electronic ACH data.

Credit/Debit Card Charge-backs:

- Credit/Debit card charge-backs are to be returned by the Merchant Card processor to the designated non-cashiering unit.
- Cashiers must not be involved in the returned Credit/Debit Card chargeback, although they can be involved in defending the chargeback.
- A returned Credit/Debit Card chargeback must be redeemed by guaranteed funds.
- The personnel processing returned Credit/Debit Card charge-backs must not handle the cash received to redeem returned Credit/Debit Card charge-backs.
- The person who approves the request for write-off of uncollectible Credit/Debit Card charge-backs must not maintain the inventory of returned Credit/Debit Card charge-backs.

Counterfeit Currency:

- Counterfeit currency returned by the bank are recorded as a cash shortage and referred to campus university police department.

3102.08 | Recording Deposits to the General Ledger

Effective Date: 9/10/2014 | **Revised Date:** 9/10/2014

POLICY OBJECTIVE

It is the policy of the CSU that all deposits be verified and recorded into the general ledger promptly and accurately. Each campus must prepare written procedures to implement this policy.

POLICY STATEMENT

Recordings to the General ledger and/or Receivable accounts must occur within an appropriate amount of time as determined by campus procedure but should be made within the same accounting period as the transaction.

All journal entries must be reviewed and approved by authorized employees in the Accounting Office. The campus must implement segregation of duties sufficient to ensure that internal control is not compromised. If record keeping duties cannot be segregated from cash handling, authorizing and reconciling duties, then compensating controls must be implemented.

All unidentified deposits will be posted to a specific "Uncleared Collections" account. This account must be reconciled on a timetable consistent with Accounting's reconciliation policy. The Accounting Office is responsible for researching and resolving items posted to the Uncleared Collections account in a timely manner.

3102.09 | Bank Reconciliations

Effective Date: 9/10/2014 | **Revised Date:** 9/10/2014

POLICY OBJECTIVE

It is the policy of the CSU that all bank and centralized CSU Bank statements be regularly reconciled to campus books. Each campus must prepare written procedures to implement this policy.

POLICY STATEMENT

Campus bank accounts are reconciled at least monthly. Reconciliations must be in sufficient detail to determine components of outstanding reconciling items.

Reconciling items are cleared monthly when practical. Exceptions to monthly clearing must include justification and be reviewed and approved by a supervisor.

The campus must implement segregation of duties sufficient to ensure that internal control is not compromised. If reconciling duties cannot be segregated from cash handling, record keeping and authorizing duties, then compensating controls must be implemented.

Reconciliation records must be retained per campus fiscal records retention policy.

3102.10 | Change Funds

Effective Date: 4/1/2011 | **Revised Date:** 6/5/2012

POLICY OBJECTIVE

It is the policy of the CSU that funds established to support change-making activity be protected from loss. Each campus must prepare written procedures to implement this policy.

POLICY STATEMENT

Cashiering and sub-cashiering locations are responsible for the security of their change funds if such funds are authorized by the CFO.

Change funds must not be commingled with other funds. Custodianship of a given change fund should be assigned to a single individual and cannot be independently transferred to another individual.

When change funds are no longer needed, change funds will be re-deposited at the cashiering office.

The integrity of the change fund must be maintained at all times. An unannounced cash count and reconciliation of change funds for which cashiers and cash handling employees are accountable must be performed on a periodic basis by someone other than the fund custodian. The frequency of such reconciliations can be determined by the campus CFO based on the amount of funds at risk. (See Guidelines below for suggested timelines.) The rationale for determining the audit schedule must be documented. Reconciliations of cash balances must be performed in the presence of the change funds custodian and must be documented.

3102.11 | Deposits and Transfers to the Bank

Effective Date: 7/1/2011 | Revised Date: 7/1/2011

POLICY OBJECTIVE

It is the policy of the CSU that bank deposits be made on a timely and secure basis and are supported with appropriate documentation. Accountability for and documentation of the custody of cash must be continuously maintained when preparing and transferring deposits to the bank. Campuses must prepare written procedures to implement this policy.

POLICY STATEMENT

The campus procedures must incorporate the following operational controls, or define mitigating controls if campus circumstances do not allow for all of these distinct steps:

- Collections made by cashiering locations depositing directly to the bank are deposited the same day as they are received, or at a minimum, on the following business day.
- Collections at other cashiering locations and departments are deposited at the designated main cashiering station at least weekly or whenever collections exceed \$ 500 [\(1\)](#).
- The depositing location is able to reconstruct transmitted deposits if necessary. Hard or electronic scans of checks and other cash equivalents will facilitate this.
- All bank deposits are accompanied by appropriate documentation, such as a numbered deposit slip, system generated counts, or other bank requirements.
- Deposits are validated and prepared under dual custody so that all cash counts are confirmed by a second count performed by a different employee. The validation and preparation of cash deposits is conducted discretely in a safe and secure area.
- Before a daily bank deposit is finalized, cashiers reconcile receipts to deposits.
- Documentation signed by the preparer and recipient is maintained for each deposit to a main cashiering station from a cash-handling department or sub-cashiering station.
- If cash transfers after business hours are necessary, a secure, locked receptacle is provided by the main cashiering station to allow for passive acceptance of deposits. Documentation is provided back to satellite stations confirming the amount of the deposit received after a count under dual control is conducted.
- The main cashiering station records each deposit from a cash handling department or sub-cashiering station. A record of cash recorded and any overages or shortages is reported daily to the campus designated cash reconciliation unit [\(2\)](#). Supporting documentation is maintained (i.e., cash register audit tapes).
- If electronic-mechanical or electronic cash registers are not in use, a report of account distribution of cash collections is sent daily to the campus' cash reconciliation unit.

Cash collections over \$ 200,000 must be reported via telephone or email to the Chancellor's Office Cash Management Operations department the day of collection to facilitate centralized cash management.

[\(1\)](#) Refer to Physical Protection of Cash and Cash Equivalents for policy guidance regarding security requirements for physical transportation of cash and cash equivalents.

[\(2\)](#) The cash reconciliation personnel should not be anyone from the cashiering unit. Refer to IC SUAM policy Segregation for Cash Handling for policy direction regarding appropriate separation of duties.

3103.01 | Disbursements - General

Effective Date: 9/10/2014

POLICY OBJECTIVE

It is the policy of the California State University (CSU) that funds disbursed in settlement of official university commitments and activities are properly authorized, supported by a documented business purpose, substantiated by applicable receipts, correctly processed for payment, and in compliance with all applicable regulations. Campuses must prepare written procedures that implement this policy.

POLICY STATEMENT

The term disbursement covers the payment process for advances, deposits, purchases, reimbursements, refunds, and other expenditures to vendors, employees, and students.

The campus President is delegated authority and responsibility for effective oversight of all state funds held by the campus and all funds held in a fiduciary capacity.

The campus President may delegate to the Chief Financial Officer (CFO) responsibility for implementing this policy. The campus CFO may delegate in writing to additional staff members, in part or in whole and with appropriate limitations, authority to disburse or expense from campus authorized funds.

The campus CFO must:

- Establish procedures that prescribe the manner and extent in which funds are disbursed, and the documentation requirements for disbursement.
- Establish appropriate separation of duties so that no one person can disburse funds unilaterally.
- Ensure that all business expenses are in accordance with appropriate federal, state, CSU, or campus policy and, when applicable, conditions specified by external sources.
- Outline the treatment of and specify who may authorize all exceptions to the policy.

100 Responsibilities

This section delineates responsibilities of persons associated with incurring business expenses and disbursing funds in settlement. The Budget Approver and the Expenditure Approver may at times be the same individual.

Budget Approver

- Before initiating a transaction on behalf of the university, this individual must assess whether the proposed transaction/business expense is in support of the university's missions.
- The approver must have written delegation providing him or her with the authority to expense against a given fund, and have adequate funds available to meet the commitment.
- The approver shall comply with all established policies and procedures respecting the expenditure of University funds.

Expenditure Approver

This individual must have delegated authority and ensure that:

- Appropriate authority and approval has been acquired to initiate the expenditure.
- Appropriate documentation has been obtained, i.e., original receipt, item number, written quote, etc. Documentation must include the name of the vendor, location, date, dollar amount of the expense that was paid or incurred by the initiator, and a description of goods or services ordered and received.
- The expenditure is a CSU allowable business expense.
- The expenditure is ordinary and reasonable.
- The expenditure is within campus budgetary constraints.
- The expenditure is in compliance with any funding designations and/or guidelines.
- The expenditure is in compliance with appropriate university policies and procedures.
- The expenditure is in compliance with operating unit guidelines.

Verifier (usually an Accounts Payable processor or supervisor)

This individual must ensure that:

- All processing and review steps, as stated above, have been followed.
- Tax issues have been properly addressed, especially for payments to individuals (i.e., honoraria, contractors, travel or moving reimbursements to employees, etc.).
- There is no apparent conflict of interest on the part of the Approver, Initiator or any other individual involved in the transaction.
- The transaction is in compliance with applicable policies and procedures.

Check Signer

- Check signers must have specific written delegation from the campus CFO.
- Check signers must ensure that check payments they authorize comply with University Policies and Procedures and that the payment methods support the University's mission in a cost effective manner.

200 Financial Aid Disbursements

The campus shall offer students the option of receiving their financial aid disbursement via direct deposit into an account at a depository institution of the student's choosing.

300 Vendor Deposits

Vendor deposits are payments that may be required by the vendor and are permitted when specifically authorized by law or determined to be in the best interest of the CSU. Campuses are to track all deposits to ensure deposits are returned upon termination of the agreement as appropriate.

3103.02 | Outgoing Payments – Electronic and Paper

Effective Date: 1/1/2012 | Revised Date: 9/19/2012

POLICY OBJECTIVE

It is the policy of the CSU to use safe, efficient, and cost effective methods for the timely disbursement of university funds. Campuses must prepare written procedures that implement this policy.

POLICY STATEMENT

Campuses must pay invoices so as to avoid penalties and interest charges but no earlier than is necessary. Payments should be scheduled so as to maximize available payment discounts, where practical.

Campuses may use a variety of methods for payment, including electronic disbursements, paper checks, procurement cards and virtual procurement card accounts. Where little or no value can be added by processing the transaction through standard procedures, direct payment can be authorized by the campus CFO or his/her delegate.

Regardless of the method of disbursement, effective internal controls, including separation of duties, must be implemented. Campuses must also comply with statutory or regulatory reporting requirements for all payments.

Electronic Disbursements – Automated Clearing House (ACH) Transactions

- Direct deposit is the electronic transfer of funds via ACH into a bank account at a United States financial institution, and is the preferred method of payment for the CSU.
- ACH payment procedures must include multiple safeguard parameters such as multi-level passwords and task separation, and provide for real-time monitoring of critical events such as service disruptions due to technical failure or natural disaster.
- All ACH payments must be processed in accordance with standard Accounts Receivable and Student Financial Aid Payment procedures, including dual control and be reasonably secured from erroneous or fraudulent manipulation.
- Approval steps must be defined to comply with CSU policy and appropriate banking rules and regulations such as the National Automated Clearinghouse Association (NACHA).
- For any ACH, including CSU employee payments and vendor remittances, an amount **greater than or equal to \$50,000** will require second level review and approval. Campuses may require second level reviews on ACH payments for smaller amounts as they deem necessary. (Campus procedures must indicate what job level/title satisfies the review requirement.)
- All Receivers requesting to enroll for receipt of payment by ACH must provide debit authorization along with credit authorization, where such debit authorization may only be used for collection of monies paid in error.
- A thorough effort to authenticate the Receiver and its/his/her banking data must be completed.
- As private and confidential data, ACH payment data is to be highly secure and rigorously protected from all unauthorized access in a manner consistent with the standards and policies established by the CSU Information Security Management Program.
- All returned or rejected ACH payments must be investigated and resolved within a time period sufficient to avert loss from fraud or negligence. The timeline may differ based on the particular situation.

Wire Transfers

- Wire transfers must always be released under dual control.
- Wires should be restricted to pre-approved templates, where practical. Templates should be reviewed and approved by someone other than the template creator.
- Wires for amounts greater than or equal to \$100,000 require third level review and approval. Campuses may require third level reviews on smaller amounts as they deem necessary. (Campus procedures must indicate what job level/title satisfies the review requirement.)

Check Disbursements

- Controlled disbursement accounts and positive pay are to be used for paper disbursements. Any check drawn in an amount **greater than or equal to \$50,000** will require two authorized signatures.
- Procedures must be implemented to address exception checks presented for payment to the bank.
- Campuses must establish controls and procedures to safeguard the physical location of check stock and printed checks awaiting distribution.
- Campuses must establish effective controls over the check stock, such as numbered control logs, periodic inventory counts and account reconciliations.
- Campuses must establish controls and procedures to manage the handling of returned and stale dated checks.
- Campuses must establish controls and procedures to safeguard facsimile signatures and to ensure that their use is consistent with University policy and prudent commercial practices. Such procedures should include proper approvals to create a facsimile signature and measures to ensure the proper destruction of facsimile signatures when an authorized check signer leaves their position.

Resources and References Material

Guidelines:

In the context of this policy, facsimile signature refers to a signature affixed by a special machine at the signature owner's order. Facsimile signature is defined as the secure reproduction of any authorized signature, but does not authorize the use of a rubber stamp signature by the official or authorized employee.

IC SUAM 8000.0 - 8095.0 - CSU Information Security Management

IC SUAM 5227.0 – Direct Payments, Contracting and Procurement

IC SUAM 3103.02 Outgoing Payments

3103.03 | Procurement Cards (University Liability Credit Cards)

Effective Date: 6/30/2014 | Revised Date: 6/30/2014

POLICY OBJECTIVE

It is the policy of the CSU that procurement cards be used to improve the efficiency, flexibility and convenience related to purchasing, and paying for goods and certain approved services. Campuses must prepare written policies, limits and procedures that implement this policy.

Auxiliary Organizations that participate in the systemwide procurement card program are subject to this policy.

POLICY STATEMENT

Procurement cards provide an alternative procurement method of effecting purchases without the direct involvement of the procurement offices. A procurement card is a university liability credit card that may be used for certain business related purchases. Procurement cards provide benefits that include:

- Streamlines the processes for small dollar orders, reduces invoices and payments;
- Enables employees to be more efficient and focus on their core missions;
- Reduce paperwork and processing time in the employee's department as well as Procurement and Accounting;
- Provides cost savings through consolidated payments to the procurement card company; and
- Enables faster payments to CSU vendors.

A single system-wide procurement card contract and related program will be administered by the Chancellor's Office department of Contract Services and Procurement.

This policy shall be fully implemented by CSU locations by June 30, 2015.

100 General

As a large public institution, the CSU is held to a high degree of public scrutiny and accountability for its business practices. In operating a procurement card program every reasonable effort must be made to ensure that the program and card use is managed in a manner consistent with the CSU mission, CSU and campus policy, applicable laws, ethical and risk reduction practices.

200 Authority and Responsibilities

The authority to set and enforce purchasing card policies and procedures lays with the procurement card Administrator and his or her campus management. Campuses must designate a single procurement card Administrator responsible for the campus procurement card program. Campuses must also create and maintain a procurement card operations manual specific to their campus. The content of a procurement card operations manual must minimally include the limitations and program requirements established in this policy and the specific responsibilities of the Cardholder and Approver as provided below.

General Program Requirements

- The CSU procurement card provider has several procurement card programs available for use by CSU campuses. All of these programs have two similar attributes; the transactions are all conveyed across a commercial credit card network and the CSU is responsible for payment of all undisputed charges made to each account.
- For the purposes of this policy, *virtual, ghost, department, fleet, procurement or travel card* accounts (and others with the above two attributes) shall have the same treatment in this policy as any other credit card product issued by the CSU procurement card contracted bank.
- The use of procurement cards cannot avoid or circumvent any CSU or campus policies or limits. Procurement cards are to be used within the same statutes, rules, limits, policies, and procedures as purchases using any other means of payment.
- Procurement cards may only be used for approved CSU expenditures. The use of a procurement card for any form of personal purchases (regardless of any intent to repay the CSU for a purchase) is expressly forbidden, with misuse leading to employee disciplinary actions.

- The procurement card program may also include the use in procuring travel related goods and services. All travel use of the procurement card will be governed by this policy, the CSU system wide Travel Policy and all campus specific travel policies and procedures.
- Campuses must train Cardholders in related procurement and procurement card policy and procedures, and actively monitor the acceptable use of issued procurement cards.
- Campuses shall train designated Approvers in related procurement and procurement card policy and the specific responsibilities and procedures of being an Approver.
- Campuses shall establish and adjust procurement card spending limits reasonably consistent with the anticipated expenditures of the individual Cardholder. Setting reasonable procurement card spending limits reduces the financial exposure of the CSU.
- Cardholders must sign documentation that specifically acknowledges agreement to comply with the policy and procedures established by each campus, the procurement card issuing bank and conditions for return of the card. Cardholders must also sign a document serving as confirmation that campus training was provided on applicable policies, procedures and acceptable use.

Cardholder Responsibilities

The role of a Cardholder is to make purchases in accordance with the regulations established by the CSU and campus, as well as all federal and state rules to ensure accountability to the public and fairness and ethical treatment to vendors. Cardholder responsibilities include:

- Agreeing to all card program requirements established and as amended by the campus;
- Completing and acknowledging the required campus procurement card cardholder training;
- Ensuring that the campus policies and procedures of the procurement card program are integrated into the individual's use of procurement card;
- Protecting the card at all times to prevent unauthorized use;
- Not sharing or authorizing others (subordinates or otherwise) to use the card;
- Immediately reporting a lost or stolen card to the bank and actively follow banks rules and instructions in doing so; and
- Immediately reporting fraudulent or suspected fraudulent charges to the bank and actively follow banks rules and instructions to clear the charges.

Approver Responsibilities

The Approver is the individual assigned to a Cardholder to ensure compliance with procurement card policies and with CSU, campus, state fiscal and procurement rules by reviewing the transactions on no less than a monthly basis. A Cardholder cannot function as his or her own Approver. Approver responsibilities include:

- Completing and acknowledging required procurement card Approver training;
- Monitoring transactions of assigned Cardholder(s) for appropriateness of purchase;
- Ensuring adequate transaction documentation exists as may be established by the campus;
- Identifying possible violations of assigned Cardholder(s) and taking appropriate action if violations are found; and
- Notifying the card program Administrator of changes in departmental program participants.

300 Delegation of Administrative Duties

Generally, the delegation of certain duties in the procurement card program is a necessity to maintain administrative flow and efficiency. In certain circumstances, however, the delegation of duties is prohibited. All delegations shall be in writing.

- The campus procurement card program Administrator may have one or more "backups" or "delegates" that are authorized to administer the campus procurement card program in conjunction with the Administrator or in the Administrator's absence. The delegation may be in whole or in part as best suits the campus operation.
- Cardholders may have subordinates or other individuals assisting them in the administration of the card accounts, but the Cardholder may not delegate the authority of the use of the card or signing periodic card reconciliation documents.
- Approvers may have subordinates or other individuals assisting them in the administration of their Approver activities. The Approver may delegate the authority of approving Cardholder transactions

consistent with the Approver's department expenditure authority. Delegation of such authority to any Cardholder is prohibited.

400 Use of CSU Procurement Card Program by Auxiliary Organizations

Auxiliary Organization Employee Use

Auxiliary Organizations of the CSU are specifically included in systemwide procurement card contracts. Auxiliary Organizations may participate in the procurement card contract and implement any of the procurement card products available. In doing so, the Auxiliary Organizations will benefit from the systemwide size of the contract and all participants will benefit from the additional Auxiliary Organization expenditure volume. In this instance, Auxiliary Organizations would have a business relationship with the CSU contracted procurement card bank.

Auxiliary Organization Use of Campus Procurement Card Program

In cases where the campus elects to include Auxiliary Organization employees under the campus procurement card program, certain protections for the CSU are required. The campus must have a written agreement with the Auxiliary Organization using their program that minimally includes the responsibilities of each organization and provisions guaranteeing payment of charges by Auxiliary employees.

500 Conflict of Interest Reporting

In some instances, Conflict of Interest reporting may be required of procurement card program participants (Cardholders and/or Approvers). Instructions specifically related to program participants being designated Statement of Economic Interests (Form 700) filers are managed by systemwide and campus Human Resources through policy and Coded Memorandums.

Definitions

For purposes of this policy, the following definitions apply.

Administrator: An individual who is responsible for the day-to-day management and operation of the procurement card program at each CSU campus or location.

Cardholder: The named individual to whom the procurement card is issued and whose name appears on the card.

Approver: An individual(s) at a supervisory level who is responsible for reviewing and/or approving purchases made by the Cardholder. Approvers may not be in a subordinate relationship to the cardholder. Approvers may not delegate the responsibility for reviewing and/or approving purchases made by the Cardholder.

- Inactive Historical Policy -

3103.04 | Corporate Cards (Employee Personal Liability Credit Cards) (Superseded by Policy 5251.00 on 8/7/2014)

Effective Date: 6/30/2014 | **Revised Date:** 6/30/2014

POLICY OBJECTIVE

It is the policy of the CSU to establish systemwide responsibility for and facilitate acquisition of personal liability business credit cards. Commonly known as "corporate cards," the cards are designed for employees who must travel and incur reimbursable business or entertaining expenses on behalf of the CSU. It is also the policy of the CSU to reduce employee cash advances through the use of corporate cards to the extent feasible and within risk tolerances. Campuses must prepare written procedures that implement this policy.

Auxiliary Organizations that participate in the state or the systemwide corporate card program are subject to this policy.

POLICY STATEMENT

The CSU may enter into systemwide contracts with financial institutions to establish a corporate card program. Such corporate cards minimize the burden on an employee's personal financial situation when CSU travel or hospitality expenses must be incurred personally and subsequently reimbursed. Corporate cards provide benefits that include:

- Enables employees to pay for CSU reimbursable travel or hospitality costs without incurring out-of-pocket expenses; and
- Provides travel protection insurances for employee travelers when traveling on commercial transportation.

A single system-wide bank procurement card contract that includes corporate cards will be administered by the Chancellor's Office department of Contract Services and Procurement. The State of California also operates a corporate card program and campuses may obtain corporate cards for employees through this State program. The Chancellor's Office department of Contract Services and Procurement shall be responsible for managing both corporate card programs in the CSU.

This policy shall be fully implemented by CSU locations by June 30, 2015.

100 General

This policy applies to all corporate card programs whether provided under contract by the CSU or State of California.

A CSU faculty or staff member may be eligible to apply for a corporate card if he or she meets all of the following criteria:

- Their position at the university requires business travel at least two times per year; and
- The card has been authorized by their supervisor and the unit's business manager or chair; and
- The individual has completed an application and agreed in writing to both the financial institution's Cardholder Agreement and all CSU applicable policies, procedures and timely payment requirements.

Corporate cards may only be used for bona fide business expenses that directly serve the University purposes.
CORPORATE CARDS MAY NOT BE USED FOR PERSONAL PURCHASES.

200 Authority and Responsibilities

General Program Requirements

- The use of a corporate card shall not circumvent any CSU or campus policies.
- Campuses must develop and train Cardholders in corporate card policy and procedures, and actively monitor the acceptable use and payment status of issued corporate cards. The policies should include a policy of notifying campus HR in cases where employee corporate card payment defaults result in a loss of rebate revenue to the CSU or the State.
- Campuses must develop a procedure of notification and sanctions to Cardholders when payment lateness is discovered to avoid potential employee payment defaults.
- Through training and active program management, Campuses shall avoid Cardholder payment default.
- To the extent feasible:
 - Campuses shall establish and adjust corporate card spending limits to be reasonably consistent with the anticipated expenditures of the individual Cardholder.
 - Campuses shall use merchant category codes (MCC) to reduce the financial and business exposure of the CSU or the State.
- Cardholders must sign documentation that specifically acknowledges agreement to comply with the policy and procedures established by each campus, the corporate card issuing bank and conditions for return of the card. Cardholders must also sign a document serving as confirmation that campus training was provided on applicable policies, timely payment and acceptable use.

Cardholder Responsibilities

The role of a Cardholder is to make purchases in accordance with the regulations established by the CSU and campus, and:

- Agreeing to all card program requirements established and as amended by the campus;
- Completing and acknowledging the required campus corporate card Cardholder training;
- Ensuring that the campus policies and procedures of the corporate card program are followed;
- Protecting the card at all times to prevent unauthorized use;
- Paying the financial institution within the allocated time (by the due date) in the Cardholder agreement. Payment of the amount owed to the financial institution may not be delayed due to lack of reimbursement of travel expenses by the CSU;
- Monitoring the card statements and use the online corporate card tools to monitor transaction to guard against fraudulent activity; and
- Reporting card loss, misuse or fraud immediately to the card-issuing bank.

300 Use of CSU Corporate Card Program by Auxiliary Organizations

Auxiliary Organization Employee Use

- Auxiliary Organizations of the CSU are specifically included in systemwide procurement card contracts and may obtain the offered corporate cards for their employees and staff if eligible. Auxiliary Organizations may participate in the procurement card contract and implement any of the procurement card products available. In doing so, the Auxiliary Organizations will benefit from the systemwide size of the contract and all participants will benefit from the additional Auxiliary Organization expenditure volume.
- Auxiliary organizations that offer the corporate card program to their employees shall follow this policy and develop applicable programmatic policy and procedures.
- In cases where the campus elects to include Auxiliary Organization employees under the campus corporate card program and management, certain protections for the CSU are required, as payment defaults will affect campus rebate revenues. The campus must have a written agreement with the Auxiliary Organization using their program that minimally includes the responsibilities of each organization and provisions guaranteeing payment default by Auxiliary employees.

Definitions

For purposes of this policy, the following definition(s) apply.

MCC Code: A merchant category code (MCC) is a four-digit number assigned to a business by credit card companies (for instance American Express, MasterCard, VISA). The MCC is used to classify the business by the type of goods or services it provides. In some cases the MCC code can be used by Administrators of a

card program to limit the retail categories a corporate card may be used.

3103.05 | Payroll Payments Issued by Accounts Payable

Effective Date: 9/10/2014 | **Revised Date:** 9/10/2014

POLICY OBJECTIVE

It is the policy of the CSU to authorize and process payroll payments when salary has been earned by the employee but correct payment is not readily available from the State Controller's Office (SCO). Campuses must develop written procedures that implement this policy.

POLICY STATEMENT

Payroll checks may only be requested by authorized payroll staff and the specific reason for the payroll check must be written on the request. Campuses will make payments to employees for salary earned only for the following reasons:

1. There have been errors or delays in submitting or processing documents making it impossible for the State Controller's Office to prepare and deliver proper salary warrants within the customary payroll time schedule; or
2. Separating employees are in immediate need of their final salary payments.

Campuses must prepare written procedures to be followed before payroll checks are given, including the approval processes.

Payroll checks will be issued for amounts as close as possible to the actual net payments which will be made in the future by the State Controller's Office, less other amounts due to the campus. The salary amount can be based on the employee's prior period pay or by computing the amount due for the period.

Campuses must pay the difference between the employee's full net pay and the salary amount paid by the campus upon receipt of the State Controller's warrant for the full salary payment. If the State's warrant is less than what was issued by the campus, the campus must create a receivable and apply standard collection procedures.

3103.11 | Petty Cash

Effective Date: 7/1/2011 | **Revised Date:** 6/5/2012

POLICY OBJECTIVE

It is the policy of the CSU to utilize petty cash funds for the reimbursement of small dollar University business related expenses when payment by cash is the most cost efficient method of payment. Each campus must prepare written procedures regarding the use and safeguarding of such funds to prevent loss to the University.

POLICY STATEMENT

The procurement card is the preferred purchasing method for low dollar business expenses. When the use of the procurement card is not possible, departments may use funds from petty cash.

The campus CFO or his/her delegate may authorize establishment of petty cash funds at department offices or other approved locations. Requests/authorization for such funds must be documented in writing.

A petty cash fund must be assigned to a specific individual as custodian. The custodian will be responsible for the amount advanced and should be trained on their responsibilities before accepting a petty cash fund. Evidence that the custodian has received the proper training should be documented.

Petty cash funds must not be commingled with other funds.

The petty cash fund will be closed out when a given petty cash fund is no longer needed, or upon termination or departmental transfer of the custodian. Transfer of funds to a successor is not authorized. If a successor is to be furnished a petty cash fund, a new request is required.

With any one vendor or payee in a day, petty cash purchases may not exceed an amount determined appropriate by the campus CFO. This amount should be formally documented in written procedures. Splitting a transaction into multiple reimbursements is not allowed. When an expense is made, a receipt must be obtained which contains the following:

- Date; name of vendor or payee; amount paid.
- Positive evidence that a payment was made, i.e., a cash register receipt or a hand written receipt on which the word "paid" appears.
- Description of the supplies or services purchased.
- Signature indicating receipt of the supplies or services.

To obtain replenishment of the fund, a disbursement voucher must be submitted to Accounts Payable where the appropriate original transaction receipts are verified.

Expenses that cannot be paid from petty cash include, but are not limited to, the following: invoices from vendors, payments for services to employees or independent contractors, loans and advances.

When not in use, the fund's currency and coin must be placed in a safe or locked receptacle kept in a properly secured area.

An unannounced cash count and reconciliation of petty cash funds must be performed on a periodic basis by someone other than the fund custodian. The frequency of the periodic counts can be determined by the campus CFO based on the amount of funds at risk. (See Guidelines below for suggested timelines.) The approval of the audit schedule chosen by the campus should be documented. Reconciliation of cash balances must be performed in the presence of the petty cash/change fund custodian and must be documented. In the event of theft, notify Campus Police immediately. A new request should be submitted requesting reimbursement of the fund which includes the following:

- Date and time of theft.

- Amount of theft.
- Circumstances involved.
- Copy of police report.
- Prevention taken against similar occurrences.

3130.01 | Accounts Receivable Management

Effective Date: 12/16/2013 | **Revised Date:** 12/16/2013

POLICY OBJECTIVE

It is the policy of the CSU that each campus maintains policies and procedures for the management of their accounts receivable in order to ensure the following:

- Funds are safeguarded to prevent loss of revenue.
- Proper segregation of duties is in place.
- Balances are converted to cash in a timely manner.
- Amounts due to the University are accounted for and properly recorded as receivables in the general ledger.
- Proper collection procedures are followed and that collection efforts are pursued on debts and accounts receivable balances that are valid and past due.
- Periodic analysis is performed to ensure the proper recording of a provision for uncollectable accounts.
- Debts and accounts receivable balances determined to be uncollectible are written off in a timely manner with the proper approval.

POLICY STATEMENT

Receivable management processes include:

- 100 - Centralization of the Accounts Receivable functions
- 200 - Accounts Receivable Collection
- 300 - Write Off of Uncollectible Accounts Receivable

100 CENTRALIZED FUNCTIONS

To ensure that monies owed to the University are accurately accounted for, all accounts receivables due to the university must be recorded in the general ledger to comply with the collection efforts, and allowance for doubtful accounts and write offs procedures in Sections 200 and 300 of this policy; as well as oversight by the CFO or designee to ensure the policy objective is met.

200 COLLECTIONS

This section applies to all types of receivables, including employee, student, related party and general receivables. Specific details are included below for employee and student receivables.

201 General Information:

Campus procedures must describe the collection efforts applicable to each type of past due receivable. In addition, campus procedures must identify the materiality threshold below which collection efforts will not be pursued.

Campuses are expected to utilize all reasonable collection efforts including direct contact, collection agencies, legal actions and Franchise Tax Board (FTB) refund offsets, subject to federal and state laws covering collection practices. Note that the State allows recovery of debts by offset against tax refunds even after the State statute of limitations has expired.

202 Employee Receivables:

Employee Receivables generated from payroll salary overpayments may be collected using payroll deductions only when the repayment method and terms are expressly agreed upon in writing by the employee and the deduction would not reduce the employee's wage below minimum wage for any period covered within the terms of the repayment schedule. Payroll deduction may not be used to collect payroll salary overpayment receivable from an employee's final paycheck.

203 Student Receivables:

Term-specific student accounts receivable prescribed collection activity (30/60/90 day notification) will commence no later than the end of the term for which the funds were due.

Campuses must identify and establish due diligence processes and materiality thresholds and define collection procedures on term-based student account receivable and any other student debts.

Prior to the prescribed collection activity, clear, timely and ongoing notification of the due dates and student account balances must be conducted by each campus. Some valid methods include: email, messaging, letters, billing, texts, announcements and any web-based methodologies. Each campus is encouraged to utilize holds and enrollment cancellation to manage current term student accounts receivable.

Each campus is authorized to withhold services (such as transcript requests or course registration) as a collection tool when appropriate, including the period after which an account balance has been written off.

300 WRITE OFF OF UNCOLLECTABLE AMOUNTS

301 Allowance and write off of uncollectable accounts receivables

Part of receivable management includes providing for the allowance and write off of uncollectable accounts receivables. Campus procedures must describe:

- The method for determining the allowance for uncollectible accounts receivable
- How debts and accounts receivable balances are determined to be uncollectible
- The process for approving the write off of uncollectible balances

An allowance for uncollectible accounts receivables should be established based on type of outstanding debt and expectations of repayment. The allowance should be adjusted on a quarterly basis but at a minimum the allowance must be adjusted at year end. (See the Legal Manual for details.) Campus procedures must provide that debt and accounts receivable balances determined to be uncollectible must be written off by the close of the fiscal year.

302 Discharge Authority

Campus procedures must require that the Chief Financial Officer (CFO) approve the write off of balances above \$10,000. The CFO may delegate in writing to designated person(s) authority to approve the write off of balances equal to or less than \$10,000.

The write-off of uncollectible balances in funds held by the State Treasurer and accounted for by the State Controller must follow the process outlined in the [State Administrative Manual \(SAM\), section 8776.6](#).

- INACTIVE HISTORICAL POLICY -

3131.01 | Accounts Receivable Collections (Superseded 12/16/13 by 3130.01)

Effective Date: 1/1/2012 | **Revised Date:** 10/6/2011

POLICY OBJECTIVE

It is the policy of the California State University (CSU) that collection efforts be pursued on debts and accounts receivable balances that are valid and past due. Each campus must prepare written procedures that implement this policy.

POLICY STATEMENT

This policy applies to all types of receivables, including student receivables, employee, related party and general.

Campus procedures must describe the collection efforts applicable to each type of past due receivable. In addition, campus procedures must identify the materiality threshold below which collection efforts will not be pursued.

Campuses are expected to utilize all reasonable collection methods including direct contact, collection agencies, legal actions and Franchise Tax Board refund offsets, subject to federal and state laws covering collection practices. Note that the State allows recovery of debts by offset against tax refunds even after the State statute of limitations has expired.

Employee receivables generated from payroll overpayments may be collected using payroll deduction only when the repayment method and terms are expressly agreed upon in writing by the employee and the deduction would not reduce the employee's wage below minimum wage for any period covered within the terms of the repayment schedule. Payroll deduction may not be used to collect payroll overpayment receivables from an employee's final paycheck.

Student Receivables

Term-specific student accounts receivable prescribed collection activity (30/60/90 day notification) will commence no later than the end of the term for which the funds were due.

Campuses must identify and establish due diligence processes and materiality thresholds and define collection procedures on term-based student accounts receivables and any other student debts.

Prior to the prescribed collection activity, clear, timely, and ongoing notification of due dates and student account balances must be conducted by each campus. Some valid methods include: email, messaging, letters, billings, texts, announcements and any web-based methodologies. Each campus is encouraged to utilize holds and enrollment cancellation to manage current term student accounts receivable.

Each campus is authorized to withhold services (such as transcript requests or course registration) as a collection tool when appropriate, including the period after which an account balance has been written-off.

- INACTIVE HISTORICAL POLICY -

3132.01 | Write Off of Uncollectible Accounts Receivable (Superseded 12/16/13 by 3130.01)

Effective Date: 4/1/2011 | **Revised Date:** 10/6/2011

POLICY OBJECTIVE

It is the policy of the CSU that debts and accounts receivable balances determined to be uncollectible be written off in a timely manner. Each campus must prepare written procedures that implement this policy.

POLICY STATEMENT

Campus procedures must describe:

- How debts and accounts receivable balances are determined to be uncollectible.
- The process for approving the write off of uncollectible balances.

Campus procedures must provide that debt and accounts receivable balances determined to be uncollectible must be written off by the close of the fiscal year. Reserves for doubtful accounts should be established based on type of outstanding debt and expectations of repayment. (See Guidelines section reference below.) In general, any receivables that remain outstanding after one year should be written off the books.

Campus procedures must require that the Chief Financial Officer (CFO) approve the write off of balances \$5,000 and more. The CFO must delegate in writing authority to approve the write off of balances below \$5,000.

The write-off of uncollectible balances in funds held by the State Treasurer and accounted for by the State Controller must follow the process outlined in the State Administrative Manual.

3150.01 | Administration of University Property

Effective Date: 12/11/2015 | **Revised Date:** 12/11/2015

POLICY OBJECTIVE

It is the policy of the California State University (CSU) that university property is properly valued, maintained and safeguarded; that all university property transactions (acquisitions, disposals, etc.) are recorded in an accurate and timely manner; and that all university property procedures are followed. Each campus must establish written procedures that implement this policy.

POLICY STATEMENT

100 Property Definition

For the purpose of this policy and these procedures (see Section 300), property may include but is not limited to the following:

- Equipment
- Intangible assets
- Land and land improvements
- Works of art and historical treasures
- Library books and materials
- Construction work in progress (CWIP)
- Buildings and building improvements
- Improvements, other than buildings
- Infrastructure
- Leasehold improvements

200 Responsibility of the Chief Financial Officer (CFO)

The Chief Financial Officer (CFO) of each campus of the CSU must ensure the following:

- Appropriate resources are allocated and responsibility assigned for proper receiving, tagging, recording, securing, maintaining, tracking, inventorying, and disposal of property.
- Procedures are implemented for the timely recording of all property based on normal entry cycles. For example, equipment additions may be required to be recorded each month due to the high volume of transactions, whereas major capital improvements may be recorded annually.
- Procedures are implemented for conducting physical inventory.
- Procedures are implemented for the timely disposal of all property.
- Procedures are implemented that require appropriate approval for the disposal of property and that all rules and regulations are followed in the disposal of property (e.g., hazardous materials, sanitization, etc.).
- All regulations for property obtained from a federal or state grant or contract are adhered to in accordance with the respective requirements such as federal and state regulations.
- Campuses utilize the CSU Capital Assets Guide as guidance for all property as it relates to capitalized costs, depreciation methods, impairment, and other such issues.

300 Equipment

Refer to "[CSU Administration of University Property - Equipment Procedures](#)" for definitions and procedures.

400 Intangible Assets

401 Definition of Intangible Assets

Intangible assets are property that lack physical substance and are nonfinancial in nature but give valuable rights to the owner. They are primarily used for operation rather than for intent to sell. They are not directly used for obtaining income or profit. Intangible assets include but are not limited to:

- Copyrights
- Easements
- Patents
- Software (internally and externally-developed)
- Trademarks
- Websites

402 Recording of Intangible Assets

Campuses must evaluate and record all intangible assets in accordance with applicable Governmental Accounting Standards Board (GASB) statement requirements to ensure compliance with GAAP.

403 Sale or Licensing of Intangible Assets

The sale or licensing of intellectual property must be done in accordance with pertinent CSU policies.

500 Gifts of Property

501 Responsibility for the Acceptance of Gifts

The CFO of each campus of the CSU is responsible for ensuring that a documented process is followed for the evaluation, acceptance, and recording of gifts of property to their respective campus in accordance with Executive Order No. 676 or its successor policy.

502 Title

Title to the property gift to be held by the campus or an auxiliary organization must be reported according to the rules promulgated by the GASB or by the Financial Accounting Standards Board (FASB) depending on which standards are used by the entity.

503 Recording Gifts

Generally, FASB and GASB accounting rules require gifts of property to be recorded at fair market value. As such, campuses are required to record such gifts in their property records (or those of the auxiliary organization) using objective criteria.

When property gifts are made between the campus and one of its auxiliaries or vice versa, the transaction must be recorded at historical cost per the CSU Capital Assets Guide.

600 Capital (Fixed) Assets Reporting to the State Controller's Office (SCO)

601 Legal Basis Fixed Asset Accounting

All campus legal basis fixed asset accounting entries will be recorded in and reported from State Controller Office (SCO) fund 0997, CSU fund 501 – General Fixed Assets Memo Fund. Campuses are not required to record by separate funding type.

602 External Reporting

Any external reporting that requires an alternative display of the capital assets information will be handled by the Chancellor's Office Systemwide Reporting group. Supporting schedules will be retained

on file per the CSU Records Retention policy to support reconciliation back to the campus' book of records.

**Office of the Executive Vice Chancellor
Business and Finance**

Approved: December 11, 2015

- INACTIVE HISTORICAL POLICY -

3151.01 | Capital (Fixed) Assets Reporting to the State Controller's Office (Superseded 7/25/14 by 3150.01 Administration of University Property)

Effective Date: 6/30/2011 | **Revised Date:** 10/6/2011

POLICY OBJECTIVE

It is the policy of the California State University (CSU) to record all of its legal based fixed asset activity into a single fund regardless of the funding type (Governmental, Proprietary, or Fiduciary). Campuses must prepare written procedures that implement this policy.

POLICY STATEMENT

All campus legal basis fixed asset accounting entries will be recorded in and reported from State Controller Office (SCO) fund 0997, CSU fund 501 – General Fixed Assets Memo Fund. Campuses are not required to record by separate funding type.

Any external reporting that requires an alternative display of the capital assets information will be accommodated by the Chancellor's Office Systemwide Reporting group. Supporting schedules will be retained on file per the CSU Records Retention policy to support reconciliation back to the campus' book of records.

- INACTIVE HISTORICAL POLICY -

**3151.02 | Intangible Assets (Superseded 7/25/14 by 3150.01
Administration of University Property)**

Effective Date: 4/1/2011 | **Revised Date:** 10/6/2011

POLICY OBJECTIVE

It is the policy of the California State University (CSU) to recognize and safeguard its intangible assets via timely recording and tracking. Each campus must prepare written procedures that implement this policy.

POLICY STATEMENT

The Chief Financial Officer (CFO) of each campus of the California State University is responsible for ensuring that a documented process is followed for the identification, recording and tracking of intangible assets. The sale or licensing of intangible intellectual property must be done in accordance with pertinent CSU policies. Campuses must evaluate and record all intangible assets in accordance with applicable GASB statement requirements to ensure compliance with generally accepted accounting principles.

Intangible assets include but are not limited to:

- Copyrights
- Easements
- Patents
- Software (internally and externally-developed)
- Trademarks
- Websites

- INACTIVE HISTORICAL POLICY -

3151.03 | Recording Gifts of Property (Superseded 7/25/14 by 3150.01 Administration of University Property)

Effective Date: 4/1/2011 | **Revised Date:** 10/6/2011

POLICY OBJECTIVE

It is the policy of the California State University (CSU) to value and record gifts of property in a timely and objective manner. Each campus must prepare written procedures that implement this policy.

POLICY STATEMENT

The Chief Financial Officer (CFO) of each campus of the California State University is responsible for ensuring that a documented process is followed for the evaluation, acceptance, and recording of gifts of property to their respective campus. Executive Order No. 676 sets forth the responsibilities of the campus in accepting property gifts.

Title to the property gift to be held by the campus or an auxiliary organization must be reported according to the rules promulgated by the Governmental Accounting Standards Board (GASB) or by the Financial Accounting Standards Board (FASB) depending on which standards are used by the organization.

Generally, FASB and GASB accounting rules require gifts of property to be recorded at fair value. As such, campus are required to record such gifts in their property records (or those of the auxiliary organization) using objective criteria.

When property gifts are made between the campus and one of its auxiliaries or vice versa, the transaction must be recorded at historical cost as discussed in the CSU Capital Assets Guide.

- INACTIVE HISTORICAL POLICY -

3151.04 | Equipment (Superseded 7/25/14 by 3150.01 Administration of University Property)

Effective Date: 1/1/2011 | **Revised Date:** 10/6/2011

POLICY OBJECTIVE

It is the policy of the California State University (CSU) that equipment is properly recorded, maintained and safeguarded, and that appropriate disposal methods are followed. Campuses must prepare written procedures that implement this policy.

POLICY STATEMENT

The Chief Financial Officer (CFO) of each campus of the California State University is responsible for ensuring that a documented process is followed for the recording, tracking, and disposal of equipment.

Equipment with total acquisition cost of \$5,000 or greater and a useful life of at least one year must be capitalized, tagged and recorded in the campus property inventory records and included in the campus' financial statements prepared in accordance with generally accepted accounting principles (GAAP).

Campuses must establish a threshold for tracking of equipment valued under \$5,000 based on an analysis of cost versus benefit and risk of misuse or misappropriation. Computers or lab equipment are examples of the type of equipment that may be included in this category. Equipment deemed to be trackable should be tagged and recorded in the campus property inventory records but not included in the campus' GAAP financial statements.

Campuses must adhere to additional requirements as set forth in their information security procedures for the safeguarding and disposal of information technology equipment.

Items purchased to place a structure into service, commonly referred to as "Group II Equipment", must be evaluated for capitalization or tracking based on the criteria above.

A physical inventory of recorded property must be performed at least once every three years by a party who is not the custodian of the item, or more often as required by agreement or law and must be reconciled to campus property inventory records. The completed reconciliation should receive management review and approval. Any discrepancies must be evaluated for further investigation and escalated to the appropriate authorities based on the specific situation and value of missing items.

Campuses must establish practices to reduce risk associated with the use of equipment by maintaining such equipment in good working order. For example, campuses are required to have a Motor Vehicle Inspection Program.

Each campus is authorized to sell or exchange personal property belonging to the CSU when it is deemed that the property no longer has useful value to the CSU or upgrades are needed. Such sale or exchange shall be for consideration based on fair market value.

Disposal of equipment must follow all appropriate rules and regulations including consideration of environmental and safety issues.

3250.01 | Disposition of Lost, Unclaimed or Abandoned Property

Effective Date: 7/25/2014 | **Revised Date:** 7/25/2014

POLICY OBJECTIVE

It is the policy of the CSU to provide the opportunity for unclaimed, lost, or abandoned property to be claimed by its rightful owner. When such property remains unclaimed, this policy provides direction for the treatment of such property. Each campus must prepare written procedures to implement this policy.

POLICY STATEMENT

Title 5 Sections 42375 and 42376 of the California Code of Regulations, designates and authorizes each CSU President to provide for the care, restitution, sale, or destruction of unclaimed, lost, or abandoned property in the possession of the university.

Unclaimed, lost, or abandoned property valued at or above three hundred dollars (\$300) shall be held by the campus for a period of at least three months. After such time, if the campus determines that the property, except unclaimed cash, is needed for a public purpose, the campus may take possession of the property. If the campus does not take possession of the property, it shall be offered at public auction to the highest bidder. Notice of such sale must be published once at least five days prior to the sale in a newspaper of general circulation in the county in which the property is held. Auction proceeds received and any related interest earnings shall be used for scholarships and loans to students enrolled at the campus where the sale is held. The campus may dispose of any property, except cash, upon which no bid is made at any sale.

Items valued under \$300 may be donated to another public institution or not-for-profit organization or otherwise disposed.

Unclaimed cash may be returned to the finder after the expiration of the three month period unless the property has been found by a University employee in the course of his/her employment.

- Unclaimed cash found by persons who are not University employees will upon demand, be returned to the finder after the three month holding period. If the finder cannot be located, the cash becomes the property of the campus to be used for scholarships or student loans.
- Unclaimed cash found by a University employee must be turned into the lost and found department. If the cash is not claimed within the three month period, it becomes the property of the campus to be used for scholarships or student loans.

3250.02 | Disposition of Unclaimed Negotiable Instruments

Effective Date: 7/25/2014 | **Revised Date:** 7/25/2014

POLICY OBJECTIVE

It is the policy of the CSU that unclaimed negotiable instruments remain the property of the payee, with the CSU as custodian for the funds. This document provides direction for the treatment of unclaimed negotiable instruments. Each campus must prepare written procedures to implement this policy.

POLICY STATEMENT

100 General

Unclaimed negotiable instruments are defined as checks (i.e., Accounts Payable checks, payroll warrants) that have been:

- Delivered but remain uncashed by the payee.
- Returned to the university and the payee cannot be located.

Upon expiration of a check, excluding a payroll warrant, the campus will void the check via the CFS escheatment process which will record the monetary amount as a liability.

Periodically, campuses must estimate amounts in the escheat liability that will **not** be claimed by payees and reduce the amount of the liability accordingly. Amounts relieved from the campus' liability remain the responsibility of the Executive Vice Chancellor/Chief Financial Officer (EVC/CFO) or the campus CFO. Sufficient records and funds must be retained to honor future claims.

200 Payroll Warrants

201 Undelivered Payroll Warrants

Campuses shall attempt to deliver payroll warrants, issued by the State Controller's Office (SCO). If the payroll warrant cannot be delivered 90 days after issue date or is returned undeliverable, the campus is to endorse and deposit the payroll warrant into the campus Wells Fargo bank account prior to expiration. This transaction is to be recorded in the escheat liability account.

202 Delivered Payroll Warrants

Delivered but uncashed payroll warrants, issued by the SCO, remain in the control of the SCO and are reflected as outstanding items on the SCO bank reconciliation until expiration. Upon expiration, the SCO will cancel the check, returning the funds to the campus via the Cancel Stale Dated Warrants By Agency Fund Report. The campus shall record the transaction in the escheat liability account.

300 Grants and Contracts Awards

Unclaimed negotiable instruments originating as payments from all externally funded awards (i.e. Federal, State, Local or Privately Funded grants and contracts) are an exception to the escheatment process and shall be returned to their funding source as required by the federal government or sponsor guidelines. If the sponsor guidelines do not provide direction, refer to Section 100 General.

400 Student Financial Aid

Payments originating from student financial aid funds (i.e. SUG, Pell, ACG/SMART grants) are an exception to the escheatment process and shall be cancelled and the funds returned to the originating student grant or loan fund. For Federal Work Study (FWS) payroll disbursements, the federal portion must be returned to the source. However, for the treatment of the nonfederal portion of the FWS payroll disbursement, refer to Section 200 Payroll Warrants.

500 Electronic Deposits

Undelivered direct deposit advices shall be voided and reissued in the form of a check or contact the payee for further instructions.

600 Pre-2007 Unclaimed Negotiable Instruments

Unclaimed negotiable instruments issued before fiscal year 2007 were funded by the state and therefore must be returned to the SCO.

700 Records Retention Requirements

Campuses must maintain records of unclaimed negotiable instruments and be prepared to reissue payment when a valid claim is presented.

**Office of the Executive Vice-Chancellor
Business and Finance**

Approved: July 25, 2014

3552.01 | Cost Allocation / Reimbursement Plans for the CSU Operating Fund

Effective Date: 6/5/2015 | **Revised Date:** 6/5/2015

POLICY OBJECTIVE

It is the policy of the California State University (University) that campus President's ensure that costs incurred by the CSU Operating Fund for services, products, and facilities provided to CSU enterprise programs/activities/funds, auxiliary organizations and entities external to the university are properly and consistently recovered with cash and/or a documented exchange of value. Allowable direct costs incurred by the CSU Operating Fund shall be recovered based on actual costs incurred. Allowable and allocable indirect costs shall be recovered according to a cost allocation/reimbursement plan that utilizes a documented methodology for identification of indirect costs and a basis for allocation. Allocation/reimbursement of joint use costs to the CSU Operating Fund from an auxiliary organization or enterprise program/activity/fund is independent of whatever indirect costs (i.e. Federal Facilities and Administrative costs) may be recovered from external grants and contracts.

The university Chief Financial Officer (CFO), or designee, shall annually approve and ensure implementation of a documented cost allocation/reimbursement plan.

POLICY STATEMENT

100 PRINCIPLES

The CSU was created by the state and appropriations from the state continue to be one of the sources of support for the university's educational mission. Auxiliary organizations and enterprise programs/activities/fund sources provide supplemental services critical to the delivery of state supported programs but which are not supported by the CSU Operating Fund. Auxiliary organizations are created to enable performance of certain business and educational functions that are common at institutions of postsecondary education, but cannot efficiently or effectively be accomplished by the state-supported university. Auxiliary organization and enterprise programs/activities/funds are conducted to support and further the educational objectives of the university. It is appropriate to recognize these interdependencies in the cost allocation/reimbursement plan.

The university's CFO is responsible for ensuring proper, consistent, and timely recovery of costs incurred by the CSU Operating Fund by annually preparing a documented cost allocation/reimbursement plan for the university. The annual approval and implementation of the plan should occur at a consistent time from year to year and the time frame should be stipulated in the plan. The CFO must ensure that all costs incurred by the CSU Operating Fund for services, products, and facilities provided to auxiliary organizations, enterprise programs/activities/fund sources or entities external to the university are properly and consistently recovered with cash and/or a documented fair exchange of value. This includes all costs for services, products, and facilities borne by the CSU Operating Fund on behalf of enterprise programs/activities/fund sources and auxiliary organizations. The CFO may consider the cost-benefit of deriving the costs to be allocated/reimbursed.

101 Exchange of Value

There are some activities that are integral to supporting the core educational objectives of a university, but which are not fully funded through the CSU Operating Fund. In some cases, Operating Fund resources are used to support those efforts. Those efforts are recognized as providing either tangible or intangible value that ultimately inures to the overall benefit of the university and its educational mission even though the activity might reside in an auxiliary organization or enterprise program/activity/fund. Two of the more common examples of such activities are fundraising and externally sponsored research and grants. If a cost

allocation/reimbursement plan incorporates such exchanges of value they must be well documented and clearly articulate the benefit to the overall educational mission.

102 Services

The basis of allocation for a service e.g. cause, or driver, of the cost being allocated may vary as the university determines appropriate and reasonable. If a different allocation approach is used for the same Operating Fund service, the costs of the service should be allocated only once and any duplication eliminated.

103 Modifications

When appropriate and necessary, the university CFO should modify the existing cost allocation/reimbursement plan outside the annual cycle to recognize new costs or other changes in operations. Such modifications and/or the new plan are to be clearly documented.

200 DEFINITIONS

201 Organizations/Entities/Activities

201.1 Alumni Associations

Alumni associations are enterprises organized and operated in accordance with rules and policies adopted by the CSU Board of Trustees. (Title 5, Article 15).

201.2 Auxiliary Organization

An auxiliary organization is a separately organized, non-state entity that operates in compliance with the auxiliary organization policies of the CSU Board of Trustees, the terms of leases and operating agreements with the Trustees, and policies established by the university. Examples of auxiliary organizations include philanthropic foundations, student body organizations, research foundations, student unions, bookstores, and other commercial services operated for the benefit of the university (Education Code sections 89900-89912 and Title 5 section 42500).

201.3 Enterprise Programs/Activities/Fund Sources

Enterprise programs/activities/fund sources include those that furnish facilities, goods or services to students, faculty, staff, or incidentally to the general public. An enterprise typically charges a user fee, rent or other charge directly related to, although not necessarily equal to, the cost of the facilities, goods or services. A distinguishing characteristic of an enterprise is that it is managed as essentially a self-supporting activity under the administration of the university. Enterprise fund activities are typically accounted for in designated CSU funds. Examples may include housing, parking, and continuing education.

201.4 Entities External to the University

Entities external to the University include organizations or programs which typically come from the surrounding community and operate independently of the university, but which may hold a function at a CSU campus.

201.5 Miscellaneous Activities

Miscellaneous activities include other self-supporting activities operated by the university in funds other than the CSU Operating Fund including, but not limited to: Instructionally Related Activities; centers and institutes; and other university support organizations, such as a faculty clubs or athletic boosters.

202 Costs

202.1 Direct Costs

Direct costs are expenditures initially incurred by the CSU Operating Fund, which can be easily determined with a high degree of accuracy and without an inordinate amount of accounting, and recharged to another CSU enterprise program/activity/fund or auxiliary organization based upon the actual cost of the goods or services provided. Direct costs can be documented by a work order, charge-back system, allocation or contract and are invoiced on some regular basis.

202.2 Indirect Costs

Indirect costs cannot be readily assigned to a particular cost objective without effort disproportionate to the benefits received. These costs are those incurred for purposes common to some or all programs or activities, but which cannot be readily identified and charged directly to such programs or activities with a reasonable degree of accuracy and without an inordinate amount of accounting. Examples include executive oversight, accounting, grants management, and technology and facility overhead.

203 CSU Operating Fund

The CSU Operating Fund (Fund 485) has been established to exclusively report revenues, expenses, and net assets related to state-supported instruction and related programs and operations.

300 ELEMENTS OF A UNIVERSITY COST ALLOCATION/REIMBURSEMENT PLAN

A university's cost allocation/reimbursement plan must articulate the practices and methodologies utilized in determining the basis for allocating costs. Due consideration must be given to the relative benefits received, the materiality of costs, and the amount of time and effort necessary to make such an allocation/reimbursement. The plan will also specifically identify direct and indirect costs requiring reimbursement. And, while there are different methodologies available for allocating costs that a university might use, the methodology used should result in a justifiable distribution of costs as determined by the campus CFO. Detailed documentation that demonstrates the factors that were taken into consideration in determining cost recovery are to be included as part of the plan.

Both direct and indirect costs should be considered in developing the cost allocation plan.

At a minimum, a plan would include a separate section addressing each of the following:

301 Identification of the alumni association, auxiliary organization, enterprise programs/activities/fund sources or entity external to the university.

302 Identification of the facilities, goods and/or services supported by the CSU Operating Fund that are provided to an alumni association, auxiliary organization, enterprise programs/activities/fund sources or entity external to the university.

303 Program or project-specific direct costs assignable to an enterprise program/activity/fund or auxiliary organization include, but are not limited to, faculty release time, technology and/or communication services, facility use, metered utilities, specifically required physical plant, public safety, insurance, and environmental health and safety services, if applicable.

304 The allocation of indirect costs is to be based on a process that is consistent with the principles of this policy, practicable and fact based relative to the activity and the related costs. The basis of allocation for a service may vary as the university determines appropriate and reasonable. A percentage, transaction cost, or pro-rata distribution may be applied to the applicable enterprise program/activity/fund or auxiliary

organization workload measure. Campuses are to identify and justify the cost allocation/reimbursement methodology for each of the services that are allocable relative to the activity and the related costs, e.g. square footage, expenditures, etc. Examples of such costs include, but are not limited to, finance/business services, enrollment services, human resources, academic records, risk management, public safety, technology, mail services, and space, if applicable.

305 Identify and quantify in a manner consistent with the principles of this policy, practicable, fact based, and reasonable simple and reasonable allocation/reimbursement methodology, as determined by the campus CFO that is realistic relative to the activity and the related costs. Provide justification for the choices that deviate from the university's standard methodology.

306 Identify and document when an in-kind, or exchange of value, reimbursement is included as part of the cost allocation/reimbursement plan. These non-cash reimbursements can relate to either direct or indirect costs. An exchange of value may include tangible benefits, which are financially quantifiable and intangible benefits which are qualitative.

Examples of tangible benefits may include:

- bond financing
- delivery of media through radio or television channels
- financial support benefiting the university; e.g., contributions to a higher education bond campaign
- financial support to the university
- student scholarships
- supplemental support of university employee compensation and benefits
- unrecovered costs incurred by the auxiliary organization or enterprise program/activity/fund on behalf of the CSU Operating Fund
- use of an auxiliary service, product or facility

Examples of intangible benefits may include:

- enhancement of the student experience
- enhancement of the university brand
- improved relations with constituents and/or the university community
- performing functions that have been expressly identified for the auxiliary organization or enterprise programs/activities/fund sources
- protection of donor and volunteer privacy

400 TIMELINESS OF REIMBURSEMENT

Every effort should be taken to recover CSU Operating Fund costs in a timely manner. Payment must be made as soon as practicable after the completion of activities and programs that require university resources. As a general rule this should be accomplished within the same fiscal year.

**Office of the Executive Vice-Chancellor
Business and Finance**

Approved: June 5, 2015

3601.01 | Travel Policy

Effective Date: 10/20/2016 | **Revised Date:** 10/20/2016

POLICY OBJECTIVE

This policy articulates the California State University (CSU)'s requirements related to official University business travel to assure that funds allocated towards travel are appropriately used, properly authorized, supported by a documented business purpose, substantiated by applicable receipts, correctly processed for payment, and in compliance with all applicable regulations, including recently enacted Assembly Bill 1887, State Discrimination: Travel, which is effective January 1, 2017

POLICY STATEMENT

I. General

The California State University pays or reimburses for travel related expenses that are ordinary, reasonable, not extravagant, and necessary to conduct official University business. All expense reimbursements and business travel arrangements must comply with University policies and procedures, prudent accounting practices, and applicable collective bargaining agreements.

This policy applies to all CSU employees, students, and others traveling on official University business and where the University will be paying for the travel. The terms set forth in an extramural funding agreement govern only when such terms are more limiting than the University's travel regulations. The campuses, if desired, may adopt more restrictive documentation, review and approval policies than what is presented here.

Travelers may be held accountable for their conduct under any applicable University or campus policies, procedures, collective bargaining agreements, and/or applicable provisions of the California Education Code. Where the provisions of this policy are in conflict with the collective bargaining agreements pursuant to HEERA, the collective bargaining agreements shall take precedence.

The University assumes no financial responsibility for expenditures incurred by individuals who fail to adhere to policy.

Exceptions to this policy must be in writing, documented and approved by the Chancellor, campus president, or designee.

II. Responsibilities

It is the responsibility of each individual who spends funds related to official University business travel and for each administrator and approving authority who approves use of funds related to official business travel to be aware of and follow this policy and related procedures in effect at the time of travel.

The approving authority is the University employee who has been granted authority, by way of the University delegation of authority process, to approve the use of funds.

A University designated travel reimbursement office will review and audit documents for compliance with policy.

III. Travel Related Expenses

Travelers are expected to utilize CSU preferred vendors and CSU negotiated terms and conditions whenever possible. Use of additional waivers and discounts available to governmental employees is strongly encouraged.

Travel expenses not directly related to official University business are not reimbursable.

Reimbursement limits and documentation requirements for various destinations and lengths of stay are provided in the CSU Travel Procedures. Exceptions for expenditures that are typically non-reimbursable, and arise because of special or unusual circumstances, must be authorized or approved and documented by the appropriate approving authority.

IV. Miscellaneous

It is expected that individuals traveling on University business will take all steps to minimize risk to themselves and the University. This includes utilizing safe transportation and lodging options and acquiring appropriate insurance coverage.

V. Travel Procedures and Regulations

[CSU Travel Procedures](#)

**Office of the Executive Vice Chancellor
Business and Finance**

Approved: October 20, 2016

3801.01 | Tax Administration

Effective Date: 6/5/2012 | **Revised Date:** 6/5/2012

POLICY OBJECTIVE

It is the policy of the CSU to comply with tax law. Under the direction of the Assistant Vice Chancellor / Controller, Financial Services, the Chancellor's Office Financial Systems, Statutory Reporting, and Tax Administration unit will develop and administer the CSU-wide tax compliance program that includes policies and procedures, and provides general coordination and guidance on tax matters to campuses. Each campus must prepare written procedures to implement this policy.

POLICY STATEMENT

To ensure consistent application of tax law to transactions, the Chancellor's Office will provide guidance to the system in connection with the interpretation of federal and state tax statutes and regulations to which the CSU is subject. Where the tax treatment of any given transaction, particularly where it is monetarily significant or continuous, is in question, the campus must consult with appropriate Chancellor's Office staff to ensure the CSU's tax obligations are met.

The Campus CFO or his/her delegate is responsible for implementing this policy on a campus level. An individual must be designated as the campus' key contact for coordination on tax matters with the Chancellor's Office Systemwide Tax Coordinator.

The campus CFO or his/her delegate must:

- Arrange for the preparation, documentation and implementation of tax compliance procedures.
- Adhere to all other tax filing requirements, including but not limited to sales and use tax, non-resident alien tax and submission of the 1099 information return, but in fulfilling these obligations will follow the policies communicated by the Chancellor's Office.
- Ensure that campus transactions are regularly examined to determine their potential tax reporting and payment consequences.

Campus tax compliance procedures must ensure (1) compliance with federal and state tax laws and regulations; (2) adherence to CSU policies; and (3) consistent application of laws, regulations and CSU policies to campus transactions.