

Regulations Relative to Trust Fund Legislation

In 1978 the General Assembly passed legislation which addressed the custody and management of federal and other nonappropriated funds held by the University. The legislation identified three specific categories of nonappropriated funds and directed the Board of Governors to adopt uniform policies and procedures for administration of these funds. The three categories of funds addressed in the legislation were identified as institutional trust funds, special funds of individual institutions, and institutional student auxiliary enterprise funds. On January 12, 1979, the board adopted a resolution which established administrative policies and procedures in accordance with the requirements of the 1978 legislation.

In 1990 the General Assembly enacted legislation which expanded the definition of "institutional trust funds" to include institutional student auxiliary enterprise funds and funds received from the operation and maintenance of institutional forest and forest farmlands, thereby necessitating a revision of the Board of Governors' resolution of January 12, 1979. On February 8, 1991, the board adopted the foregoing resolution which revises established policies and procedures concerning the custody and management of institutional trust funds and special funds of individual institutions.

Due to this expanded definition of institutional trust funds, the board's resolution of February 8, 1991 now addresses only two categories of federal and other nonappropriated funds which are identified as follows.

1. **Institutional Trust Funds.** The Board of Governors is charged with custody and management of these funds. The following receipts are included in this category: gifts, devises, and bequests; federal contracts, grants, and agreements; nonfederal contracts and grants; student extracurricular activities; activities supporting scholarship funds and student activity programs; self-supporting auxiliary enterprises, including institutional student auxiliary funds for the operation of housing, food, health and laundry services; fees for services of healthcare professionals; proceeds from disposition of real property; and institutional forests and forest farmlands. With the exception of fees for services of healthcare professionals, these funds are to be deposited with the State Treasurer.
2. **Special Funds of Individual Institutions.** The chancellor of each institution is responsible for custody and management of the special funds of that institution. The following receipts are included in this category: intercollegiate athletic program receipts; and funds held by the institution as fiscal agent for individual students, faculty, staff members, and organizations. These funds are to be deposited in an official depository of the institution.

With respect to funds cited in Section II.A. (6), (8), and (9) of the foregoing Board of Governors' resolution, the following schedule has been established for implementing the board's regulations.

1. The transfers of all cash balances from Auxiliary Enterprise Funds (budget code 560XX) to Institutional Trust funds (budget code 060XX) should have been completed as directed by the State Controller's memorandum No. 90-19 dated August 1, 1990. This memorandum is provided as an attachment to *Chart of Accounts Memorandum No. 40*.
2. On or before March 1, 1991, the chancellor of each institution shall forward a request for approval, by the President, of an agency fund authority as identified in Section II.C. of the resolution and such institutional trust fund authorities as may be required by the institution as identified in Section II.D. of the resolution. The formats for these fund authorities are provided as attachments to *Chart of Accounts Memorandum No. 40*. The chancellor's request should be accompanied by a complete list of all accounts in the chancellor's possession or under the chancellor's direct control as of July 1, 1990, which contain any institutional trust funds as defined in Section II.A. (6),(8), and (9) of the board's resolution. This inventory shall be organized in the categories as described in Section II.D. of the resolution and for each separate account shall show the following information.

- (1) The name of the account and its accounting designation.
 - (2) The amount of cash and investments in each account as of the date of the inventory.
3. The institution will proceed simultaneously to establish any required subsidiary account authorities, as identified in Section II.E. of the resolution, which must be approved by the chancellor and to modify the internal accounting systems and procedures of the institution to the end that all requirements of the regulations are met no later than March 1, 1991.

A uniform format for a quarterly report on Institutional Trust Funds financial activity has been developed and is provided in a set of guidelines attached to *Chart of Accounts Memorandum No. 40*. Also, definitions of Institutional Trust Fund receipts categories have been prepared in order to achieve uniformity in the classification and reporting of receipts. These definitions are also included in the guidelines.

[This is a rewrite of Administrative Memorandum #302.]