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CSU Policy

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Section Title: Auxiliary Organizations

Policy Number: 13680.00

Policy Title: Placement and Control of Receipts for Campus Activities and Programs

Policy Effective Date: 5/2/2016

Last Revision Date: 2/26/2016

Policy Objective

It is the policy of the California State University (University) that accountability and responsibility for campus activities and programs be clearly established, and that related receipts are appropriately placed and controlled in University or California State University auxiliary organization (auxiliary) accounts. This policy guides campuses as to the administration of such receipts and instructs as to their proper placement in accordance with legal and regulatory requirements.

Policy Statement

100 Overview

The University and auxiliary organizations collect receipts related to a wide variety of campus activities and programs. Understanding the source and purpose of funds collected as well as any associated restrictions is central to determining which entity should be responsible and accountable. This policy defines factors that guide the proper administration and placement of receipts.

200 Campus Activities and Programs

Campus activities and programs consist of functions, proceedings, projects, services, and tasks important to the academic and campus life experience offered to students and staff. Section 500 below describes examples of a broad range of activities and programs campuses have incorporated into their academic offerings. The definition of an activity or program in conjunction with this policy is guided by individual campus policies and procedures.

This policy does not establish any new requirements or responsibilities with respect to a campus' establishment of its activities and programs. Additionally, this policy does not establish any system-wide requirements impacting the nature or form a campus activity or program might take. These activities and programs must be consonant with principles of academic freedom and concomitant academic responsibilities and contribute to the fulfillment of the mission of the University. They may be self-supporting, surplus generating, or deemed otherwise beneficial as evidenced in a campus' cost allocation plan.

In many instances, an individual activity or program will be a limited and legally discrete component of a larger campus activity or program; for example, a campus academic institute's annual workshop. In other instances, the scope might be broader; as when a campus center is performing unsponsored research in conjunction with an academic program. Examples of where a campus activity or program may be a separate component from a related larger related activity or program.

- Parking for an Athletics event may be a separate activity from the Campus Parking Program;
- An athletic event may be a separate activity from the Campus Athletics Program;
- A theatrical, music or dance performance/program may be separate from the Campus Performing Arts program;
- A training class leading to a skills certification curriculum may be a separate activity from the University's Extended Education program.

Campus policies and procedures regarding activities and programs must provide specific guidance in regards to:

- Campus centers and institutes, e.g. ownership of component activities/programs generating separate receipts must be clear as should be restrictions on funds;
- Workshops and conferences, e.g. if academic workshops are grouped into a class of activities, then adequate consideration of the scope and nature of the activities/programs grouped is required;
- Instructionally related events and activities, e.g. if event or activity is owned and administrated by an Auxiliary Organization, documentation is required to clarify roles and responsibilities of the Auxiliary Organizations as compared to those of the underlying larger campus educational program;
- Documentation requirements, e.g. a single form documenting compliance with requirements under this and related policies might be used, or such might be documented through a combination of means as established by the campus.

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CSU Cognizant Offices

CO Manager

[Randig, Kristina @co](#)

Subject Expert

Content Editor

Affinity Group

AOA (Auxiliary Organizations Association); CABO (Chief Administrators & Business Officers)

300 Ownership and Accountability for Campus Activities and Programs

As deemed by the President in the interest of the campus and the CSU, a determination must be made as to whether the University or an auxiliary organization will receive proprietorship over an activity or program which includes acceptance of both risks and rewards associated with ownership. A campus authority designated by the campus CFO must identify legal obligations, fiscal liabilities, and fiduciary responsibilities associated with a campus activity and program and assess options for managing these activities and programs and associated risks. Determination must be made as to benefits of either the University or an auxiliary organization accepting responsibility for the specific activity or program being considered.

Only Campus presidents or their designees may authorize a campus activity or program. Delegation of this authority must be documented and implemented consistent with campus policies and practices. When an activity or program or class/grouping of similar activities or programs is authorized, the associated benefits, rights, and responsibilities of ownership follow that delegation. When an activity or program or class/grouping of activities and programs is approved, a clear determination must be made, defining the accountable and responsible entity; i.e. the University or an auxiliary.

Legal and other mandates (e.g. Education Code Section 89901, Title V section 42042, and various Executive Orders) require the University to retain a certain amount of programmatic authority over all campus activities and programs; even when an auxiliary organization is considered accountable and responsible. Within the scope of this policy, the word "Ownership" will be used to describe which entity will be held accountable and responsible for a particular campus activity or program, as determined by the President or designee. With ownership comes determination of legal obligations, fiscal liabilities, and fiduciary responsibilities.

Indications of an assumption of ownership include, but are not limited to:

- Authority and discretion to *contract* for services or materials required by an activity or program e.g. contract for the use of hotel conference space or to procure scientific equipment;
- Responsibility for *business losses* or for bearing *excess costs* when insufficient funds were collected in connection with commercial and non-commercial activities or programs;
- Acceptance of *legal liability* as an owner or principal entity being both in charge and answerable for an activity or program;
- Acceptance of *fiduciary obligations* (beyond those associated with an agency relationship) associated with an activity or program;
- Responsibility for the establishment of operating and administrative *policies* governing an activity or program;
- Primary control or discretion over the *expenditure* of funds related to a program or activity.

A determination of ownership of an activity or program is not necessarily evidenced by which entity:

- Employs individuals granted signatory authority related to an activity (e.g., authorized to sign a letter or other related documentations on behalf of the accountable and responsible entity);
- Owns the facility where the activity occurs;
- Has been granted a limited authority to request an expenditure;
- Has academic or similar programmatic control over an activity (e.g. a University program's oversight of studies related to dairy cows does not require ownership of the dairy cows maintained for study.)

The campus CFO must ensure that appropriate accounting frameworks have been established to ensure that any legal or other restrictions on campus activity and program funds are properly maintained. The campus may redeploy unrestricted activities and program funds in a manner consistent with the mission of the campus. If the source of funds currently held related to a campus program or activity cannot be readily determined, such funds must be accounted for and controlled, meeting the requirements of the most restricted funds associated with that activity or program.

400 Program and Activity Receipts Held in Agency Accounts

Receipts from University owned activities and programs may not be accepted by an auxiliary organization, except when specifically authorized in writing by the campus president or his/her designee. Said authorization shall be granted judiciously and only when the President or designee deems it is advantageous to the University and supportive of the university mission. Specific advantages must be documented in a written agreement. The agreement between the University and auxiliary organization must delineate requirements, including restrictions on the investment and expenditure of such receipts/funds. These receipts must be properly recorded within both the accounts and records of the University and the auxiliary (i.e. University funds held by an auxiliary must be represented in the accounts of the University as funds on deposit with an auxiliary.)

Receipts from auxiliary owned activities and programs either may be held by an auxiliary organization or the University. An auxiliary organization may hold the receipts of another auxiliary as directed by the President or designee and consistent with legal and policy requirements. A written agreement is required and must be authorized by each organization's board or designee. Handling cash and cash equivalents in association with activities, require a strong system of internal controls over receipts. University funds held as agency or trust funds must be controlled, invested and administrated in accordance with CSU policies and procedures. Receipt of other agency or trust funds by an auxiliary organization i.e. student club or alumni funds must be controlled and administrated in accordance with related agreements and CSU policies and procedures where appropriate.

Campus policies and procedures related to handling and processing cash and cash equivalents should be followed as practicable considering relative risk (i.e. value, repetitiveness of transactions, etc.) to ensure assets are protected, accurately processed, and properly reported.

500 Placement and Control of Common Activities and Programs

Education Code 89721 enables campus chief financial officer's (CFO) to deposit receipts from various campus activities and programs into a locally controlled trust fund called the California State University Trust Fund (1) which is referred to as State Controller Fund "0948." The California State University has created a unique fund code to control and account for such monies. CSU fund code "485" represents the California State University Operating Fund for accounting purposes (0948-485.)

Determining ownership guides the placement funds within the State University Trust Fund or to auxiliary organization funds. Sections 510 to 590 within this policy will guide fund placement for more common activities and programs. Exceptions to this guidance are permissible where deviation significantly benefits the University. The campus CFO or designee is responsible for approving exceptions, including written justification. Where this policy does not specifically guide the placement of funds, the CFO or designee is responsible for making the final determination of the placement of receipts.

510 Gifts

Campuses receive gifts and donations in the form of cash from alumni, businesses, and other benefactors. Donors

may impose restrictions on their contributions. For example, they may specify how funds will be invested or spent. Such restrictions should be recorded, reviewed and followed to the extent permitted by law and University policy.

The table below directs the placement of gift receipts:

Gifts to	Fund 0948-485	Fund 0948-xxx (applicable CSU Fund Code)	Auxiliary Organization Funds
The University, its units and programs		X	
An auxiliary organization on behalf of the State, its units and programs		X	X
Student clubs in support of its programs		X	X

With respect to cash donations, one issue that may arise relates to the payee on a donor's check. If an auxiliary conducts a solicitation and receives a check made payable to the campus, and there is evidence that the donor intended the funds to go to the auxiliary (i.e. execution of a gift agreement), after proper consideration by a campus administrator with documented authority to endorse such checks to the auxiliary, the check may be endorsed for deposit in the auxiliary in accordance with campus cash collection and receipting policies.

520 Contracts and Grants

Campuses conduct research on behalf of federal and state agencies, and also for private (non-governmental) entities. Research topics can range from educational-related projects (e.g., the education of poor, urban or minority students) to environmental plant physiology projects (e.g., reintroducing the willow tree species into urban environments). Funds received for this activity are generally in the form of service contracts or research grants which are to be administered in accordance with federal and state law, the policies of the CSU as well as the terms of agreements. Proceeds from contracts and grants must be budgeted and accounted for in compliance with applicable laws, regulations, and the terms stipulated in such agreements.

The table below directs the placement of contracts and grants receipts:

Contracts and Grants Awarded to	Fund 0948-485	Fund 0948-xxx (applicable CSU Fund Code)	Auxiliary Organization Funds
The University		X	
An auxiliary organization			X

530 Rental Receipts

Authority to require payment for granting rights to access campus facilities is generally governed by Education Code 89700(a), which states that the trustees may, by rule, require all persons to pay fees, rents, deposits, and charges for services, facilities or materials provided by the trustees to such persons.

Rights to facilities should typically be granted through a lease or a license agreement. A lease confers an exclusive possessory interest in a campus facility, whereas a license would grant a nonexclusive permission to use. A lease has been conveyed if the possessory rights granted are against all others, including the University. Lease revenue for facilities is governed by Education Code 89046 which indicates that any rental received by the trustees under this or other leasing sections is to be credited to the California State University Operating fund.

If the rights granted allow continuing possession by the University and permits contemporaneous use by the licensee (as well as possibly others); the arrangement should be treated as a license. License revenue for facilities is governed by Education Code 89721(g) which states that the CFO of each campus of the California State University shall deposit into and maintain in local trust accounts moneys received in connection with fees and charges for services, materials, and facilities authorized by Section 89700 where these fees or charges are required of those persons who, at their option, use the services or facilities, or are provided the materials, for which the fees or charges are made. Fees and charges so received and deposited shall be used solely to meet the costs of providing these services, materials, and facilities.

The table below directs the placement of lease and licensing receipts:

Rental Receipts:	Fund 0948-485	Fund 0948-xxx (applicable CSU Fund Code)	Auxiliary Organization Funds
For exclusive use of University facilities on a lease basis - GC 11259	X	X	
For use of University facilities usually on an event-related, license basis - EC 89721 (g)	X	X	
For use of auxiliary organization facilities (bookstore; student union)		X	X
Property leased to an auxiliary organization under a lease (System-wide Revenue Bond; SRB- capital lease)	X	X	

540 Extended Education

Campuses offer a variety of programs, courses, seminars and conferences to serve the educational needs of businesses, industry, hospitals and governmental agencies. The programs award academic credits or Extended Education Units (CEU's) and must be self-supporting. Examples include external degree programs and special session courses which are offered on a for-credit basis. Other examples include summer writing programs, intensive English instruction for international students, and professional development programs for working professionals.

Auxiliary organizations also offer self-supporting instructional programs. The courses are non-credit and cannot use the California State University name or representation in any manner other than where California State University is part of the auxiliary's title. Examples include offering lifelong learning courses to individuals age 50 and older, and providing Scholastic Aptitude Test (SAT) preparation for high school students.

Program/course fees are the predominant revenue source, though other fees are also charged (application fees, processing fees, exam fees).

The table below directs the placement of course related receipts:

Continuing Education:	Fund 0948-485	Fund 0948-xxx (applicable CSU Fund Code)	Auxiliary Organization Funds
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Credit Course provided by the University	X		
Credit Course provided by EE (including special session)		X	
EE non-credit courses		X	
Non-credit courses offered by an auxiliary organization			X

550 Educational Activities Charges

Formal instruction is occasionally supplemented to ensure students receive a quality educational experience. Additional services, activities and laboratory experiences may be needed to supplement the instructional offerings. Examples of educationally-related activities offered by campuses include publishing newspapers and magazines; and operating dairy and agricultural farms.

Conducting those activities may create goods and services that may be sold to students, staff and the general public. Examples of incidental revenues include sales of scientific and literary publications; charges for technical services; and sales of products of dairy creameries, food technology divisions or poultry farms.

These activities can be provided by either the University or an auxiliary.

The table below directs the placement of receipts from educational activities charges:

Sales of Goods and Services from Educational Activities:	Fund 0948-485	Fund 0948-xxx (applicable CSU Fund Code)	Auxiliary Organization Funds
Provided by the University		X	
Provided by an auxiliary organization		X	X

560 Commercial Activities

The table below directs the placement of receipts from the commercial sale of goods and services:

Commercial Sales of Goods and Services:	Fund 0948-485	Fund 0948-xxx (applicable CSU Fund Code)	Auxiliary Organization Funds
Owned by the University		X	
Owned by an auxiliary organization		X	X

570 Campus Events

Campuses normally host a wide range of activities in support of the operation of a campus and to complement the university experience not only for students, but also for faculty, staff, alumni and surrounding communities. Examples include, but are not limited to:

- Music Concerts
- Conferences
- Intramural Sports
- Meetings
- Shared Interests Fieldtrips
- Youth Activities
- Athletic Camps
- Academic Ceremonies
- Debates
- Workshops

These activities may be provided by either the University or an auxiliary and are supported by ticket sales, registration fees, etc.

The table below directs the placement of receipts from campus events:

Campus Events	Fund 0948-485	Fund 0948-xxx (applicable CSU Fund Code)	Auxiliary Organization Funds
University Events		X	
Auxiliary Organization Events		X	X

580 Placement of Other Receipts

Other common receipts accepted by a campus may include, receipts from the sale of assets, lottery receipts, and cost recovery receipts. Cost recovery receipts are to be placed and credited to accounts as legally or contractually mandated. Absent such restrictions such receipts will be placed and credited in accordance with the campus cost allocation plan. Reimbursement does not necessarily accrue to individual funds incurring underlying costs.

The table below directs the placement of several other receipts accepted by campuses:

Other	Fund 0948-485	Fund 0948-xxx (applicable CSU Fund Code)	Auxiliary Organization Funds
Sales of Fixed Assets (Receipts return to the funding source used to purchase the asset)	X	X	X
Lottery Funds		X	

Direct cost recovery from auxiliary enterprises and organizations recovered based on actual costs incurred	X(2)	X	
Indirect cost recovery for services provided to auxiliary enterprises and organizations recovered annually according to the campus cost allocation plan as approved by the campus CFO	X(2)	X	

(1) Education Code Section 89721 states; Notwithstanding any other provision of law, the chief fiscal officer of each campus of the California State University shall deposit into and maintain in local trust accounts or in trust accounts in accordance with Sections 16305 to 16305.7, inclusive, of the Government Code, or in the California State University Trust Fund, moneys received in connection with listed sources or purposes.

(2) CSU fund 544 now reflects Cost Recovery Aux Orgs/3rd Party, 3rd party is defined as a party from outside the campus community. Accounting for direct and indirect cost recovery within CSU fund 485 is permissible, but must be eliminated in FIRMS at year-end (refer to Systemwide Cost Recovery Guideline, located in Chapter 23 – Cost Recovery of the CSU Legal Accounting and Reporting Manual).

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

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Policy Operational Content

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Applicability and Areas of Responsibility

Revision History

- [September 29, 2011](#)
- [January 7, 2013](#)
- [June 5, 2015](#)

Resources and Reference Materials

Useful Guidelines

Related Principles

Sound Business Practices

[CSU Legal Accounting and Reporting Manual](#)

Laws, State Codes, Regulations and Mandates

[ICSUAM §3000, General Accounting](#)

[Compilation of Policies and Procedures for CSU Auxiliary Organizations](#)



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