These guidelines are being provided by the University Accounting Office to assist faculty and staff in understanding what trust funds are and how they are accounted for, regulated and applied. These guidelines provide answers to the following questions: what is fund accounting, what are the types of funds the University receives, what central office establishes what funds, what university sales activities are allowed by law (Umstead Act), what activities are legally allowed to be in trust funds, what are the UNC policies and procedures over trust funds, how do you request a trust fund authority, what are the use and operational requirements over trust funds, what are the requirements over copyright intellectual property, and what are some useful WEB site links.

The following topics are covered in these guidelines:

1. Fund Accounting
2. Types of Funds
3. Establishment of Funds
4. Umstead Act
5. Trust Fund Legislation
6. UNC Policies and Procedures on Institutional Trust Funds and Special Funds
7. UNC Policies and Procedures on Income From Patents
8. UNC Policies and Procedures on Service Marks, Trademarks and Trade Secrets
9. Official Memorandums on Trust Fund Policy and Law
10. Requesting Trust Fund Authorities
11. Trust Fund Authority Requirements
12. Copyright Intellectual Property
13. Links to Related Sites

FUND ACCOUNTING:

Winston-Salem State University’s financial system is based on the Fund Accounting concept. Financial transactions are accounted for and reported in separate, self-balancing accounting units that have their own balance sheet and revenue and expense accounts. Separate accounting units ensure that the funds received are accounted for in a manner that will demonstrate compliance with legal requirements, the purposes for which the funds were established, and the authority provided by the State of North Carolina.

The University’s financial system includes various levels of accounting and reporting. At the base level, accounting is established at the Fund level. The first two numbers in the Fund Number is referred to as the “Fund Type” and is used to identify specific university funding source groups. Each Fund Number has “Attributes” assigned in the financial system that provide codes allowing for accounting and reporting at higher levels, as follows:
Trust fund authorities are established at the Trust Fund Reporting level \((Fund \ Number)\) by the Accounting Office. While each Fund Number represents a unique Trust Fund for reporting purposes, accounting entries are recorded in Fund Numbers established specifically for the expenditure purpose(s) of the Trust Fund. Each Fund Number may have only one purpose or program code.

**TYPES OF FUNDS:**

Monies received by the University come from various funding sources including: the State through appropriation or grants, the Federal government through appropriation or grants, customers through charges for materials and services, private sources through gifts and contracts or grants, foundations support through fund raising resources, endowment gifts and investment income, other investment income, interest income, rental of real property, and proceeds from indebtedness.

The various funding sources are accounted for differently depending on the funding source requirements. For example, funds received from the State through appropriation for state operations are subject to reversion to the State if unexpended at the end of the fiscal year. In order to make sure funds are accounted for properly, WSSU has grouped the various funding sources in the accounting system using the “Fund” number, as follows:

<table>
<thead>
<tr>
<th>Code</th>
<th>Funds Description</th>
<th>Type</th>
</tr>
</thead>
<tbody>
<tr>
<td>Fund 11XXXX</td>
<td>State Operating Budget Code Activities</td>
<td>Appropriated Funds</td>
</tr>
<tr>
<td>Fund 12XXXX</td>
<td>Overhead Receipt Activities</td>
<td>Trust Funds</td>
</tr>
<tr>
<td>Fund 13XXXX</td>
<td>Budgeted Institutional Trust(Discretionary)</td>
<td>Trust Funds</td>
</tr>
<tr>
<td>Fund 21XXXX</td>
<td>Grant Funds</td>
<td>Trust Funds</td>
</tr>
<tr>
<td>Fund 23XXXX</td>
<td>Restricted Scholarships (Endowment Spending &amp; Other)</td>
<td>Trust Funds</td>
</tr>
<tr>
<td>Fund 24XXXX</td>
<td>Restricted Professorship(Endowment Spending)</td>
<td>Trust Funds</td>
</tr>
<tr>
<td>Fund 25XXXX</td>
<td>Restricted Departmental Use(Endowment Spending &amp; Other)</td>
<td>Trust Funds</td>
</tr>
<tr>
<td>Fund 3XXXXX</td>
<td>Budgeted Auxiliary Funds</td>
<td>Trust Funds</td>
</tr>
<tr>
<td>Fund 6XXXXX</td>
<td>Endowment Principal</td>
<td>Trust Funds</td>
</tr>
<tr>
<td>Fund 8XXXXX</td>
<td>Agency Funds</td>
<td>Trust Funds</td>
</tr>
<tr>
<td>Fund 91XXXX</td>
<td>Capital Improvement Funds</td>
<td>Appropriated Funds</td>
</tr>
<tr>
<td>Fund 94XXXX</td>
<td>Debt Service Funds</td>
<td>Trust Funds</td>
</tr>
</tbody>
</table>

Trust funds must have specific legal authority. (Legal authority is discussed later under Trust Fund Legislation). Following is a list of Winston-Salem State University’s trust funds as categorized by their legal citation:
Endowment Receipts (G.S. 116-36):
  o Gifts, Devises, or Bequests
    • Endowment Principal Funds (Fund 6XXXXX)
    • Endowment Income Trust Funds Fund (23XXXX, 24XXXX, 25XXXX)

Proceeds From Indebtedness (G.S. 116-41.7):
  o Debt Funds
    • Unexpended Debt Proceeds (Fund 94XXXX)
    • Debt Reserve and Service Trust Funds (Fund 94XXXX)

Institutional Trust Fund Receipts (G.S. 116-36.1 and G.S. 116-36.5):
  o Gifts, Devises or Bequests
    • Restricted Gift Trust Funds (Fund 2XXXXX)
    • Discretionary Trust Funds (Fund 13XXXX)
  o Federal Contracts, Grants, and Agreements
    • Contracts and Grant Trust Funds (Fund 21XXXX)
  o Non-Federal Contracts, Grants, and Agreements
    • Contracts and Grant Trust Funds (Fund 21XXXX)
  o Extracurricular Activities of Students
    • Orientation Fees Trust Funds (Fund 3XXXXX) Student Activity Fee Trust Funds (Fund 3XXXXX)
  o Self-Supporting Auxiliary Enterprises and Activities Supporting Scholarships/Student Activity Programs
    • Auxiliary and Related Trust Funds (Fund 3XXXXX)
      • Auxiliaries
      • Service Center Operations
      • Self-Supporting Operations Supporting the Campus/Students
    • Vending Facilities Trust Funds (Fund 3XXXXX)

Special Fund Receipts (G.S. 116-36.2):
  o Agency Funds (Fund 8XXXXX)
    • For Students/Faculty/Staff For Clubs/Organizations
    • For Student Sponsorships by Non-WSSU Organizations
    • For Events Sponsored by Non-WSSU Organizations For Refundable Deposits
  o Intercollegiate Athletics (Fund 3XXXXX)

Overhead Receipts (Session Law 1999-237):
  o Overhead Receipts Trust Funds (Fund 12XXXX)

ESTABLISHMENT OF FUNDS:

Funds are established through various university central offices depending on the type of funding and the authority for the university to engage in such business activities.

-- 3 --
The **Office of Budget and Analysis** establishes the State Operating Funds, Budgeted Institutional Trust Funds (Discretionary Funds), and Budgeted Auxiliary Funds. Institutional receipts, except for those classified as trust fund receipts, are recorded in the state operating funds.

The **Financial Services** establishes the other University’s trust funds except for Contract and Grant funds.

The **Office of Sponsored Programs** with the guidance of the **Contracts and Grants Financial Services** establishes the Contract and Grant funds.

To be established, the trust fund activities must meet the provisions of the **Umstead Act**.

**UMSTEAD ACT:**

The University is subject to legislation governing the authority of State agencies and institutions to engage in business activities that are considered in competition with private enterprises. This legislation is called the **Umstead Act** - (G.S. 66-58) “Sale of Merchandise or Services by Governmental Units”.

In accordance with this statute, the University has the authority to engage in the following business activities that may be applicable to Winston-Salem State University:

1. Utilities and other services operated by it
2. Sale of articles produced incident to the operation of instructional departments
3. Sale of articles incident to educational research
4. Sale of articles of merchandise incident to classroom work, meals, books
5. Sale of articles of merchandise not exceeding twenty-five cents in value when sold to members of the educational staff or staff auxiliary to education or to duly enrolled students or occasionally to immediate members of the families of members of the educational staff or of duly enrolled students
6. Sale of meals or merchandise to persons attending meetings or conventions as invited guests
7. Operation of the Coliseum of North Carolina State University at Raleigh, and the other schools and colleges for higher education maintained or supported by the State
8. Operation of the comprehensive student health services or the comprehensive student infirmaries maintained by the constituent institutions of the University of North Carolina
9. Operation of gift shops, snack bars, and food service facilities physically connected to any of the University of North Carolina’s public exhibition spaces, including the North Carolina Arboretum, provided that the resulting profits are used to support the operation of the public exhibition space
10. Sale of learned journals, works of art, books or publications of the Department of Cultural Resources or other agencies
11. Operation of endowment funds established for the purpose of producing income for educational purposes

12. Operation by educational institutions of campus stores, the profits from which are exclusively for awarding scholarships to defray the expenses of students attending the institution; provided, that the operation of the stores must be approved by the board of trustees of the institution, and the merchandise sold is limited to educational materials and supplies, gift items and miscellaneous personal-use articles. Provided further that sales at campus stores are limited to employees of the institution and members of their immediate families, to duly enrolled students of the campus at which a campus store is located and their immediate families, to duly enrolled students of other campuses of the University of North Carolina other than the campus at which the campus store is located, to other campus stores and to other persons who are on campus other than for the purpose of purchasing merchandise from campus stores.

TRUST FUND LEGISLATION:

The authority for the establishment of trust funds by the University is granted through the legislative process.

Chapter 116, Article 1 of the General Statutes provides the legal requirements, corporate powers, rights and duties of the University of North Carolina System.

Following is a discussion of the legislation providing for the establishment of trust funds by the University.

General Statute 116-36 “Endowment Funds” provides the legal authority to the board of trustees of each constituent institution to establish and maintain, pursuant to such terms and conditions, uniformly applicable to all constituent institutions, as the Board of Governors of the University of North Carolina may from time to time prescribe, an endowment fund and shall establish an investment board known as “The Board of Trustees of the Endowment Fund of (name of University)”. The board of trustees shall be responsible for the prudent investment of the fund. Any gift, devise, or bequest of real or personal property to the University shall be presumed, nothing to the contrary appearing, a gift, devise, or bequest, as the case may be, to the endowment fund of the University. Proceeds from any endowment fund shall not take the place of State appropriations or any part thereof but rather shall supplement the State appropriations to the end that the institution may improve and increase its functions, may enlarge its areas of service, and may become more useful to a greater number of people.

General Statute 116-36.1 “Regulation of Institutional Trust Funds” provides the legal authority for the University to establish institutional trust funds. This legislation was
created by the 1977 General Assembly and places responsibility for the custody and management of university institutional trust funds with the University Of North Carolina Board Of Governors. Subsection (a) of the statute directs the Board to adopt uniform policies and procedures over the administration of the institutional trust funds that would ensure that the receipt and expenditure of such funds are properly authorized and that the funds are appropriately accounted for. These uniform policies and procedures are discussed further under the caption “UNC POLICIES AND PROCEDURES ON INSTITUTIONAL TRUST FUNDS AND SPECIAL FUNDS”.

Subsection (b) of the statute requires that institutional trust funds be deposited with the State Treasurer and held in the name of each university. Subsection (c) of the statute provides that the University’s State Treasurer Account and interest earned on its deposits are available for expenditure without further authorization from the General Assembly. Subsection (h) allows the Board to designate an official depository for trust funds defined below in (g) (7) in one or more banks or trust companies in this State. Provided, however, such deposits are fully secured by deposit insurance, surety bonds, or investment securities of such nature, in such amounts, and in such manner as prescribed by the State Treasurer for security of public deposits generally. Subsection (d) of the statute provides that the institutional trust funds are subject to the oversight of the State Auditor but are not subject to the provisions of the Executive Budget Act except for capital improvement projects that are subject to G.S. 143-18.1. Subsection (e) of the statute requires the submission of reports as directed by the Director of the Budget. Subsection (f) of the statute provides that the trust funds or investment income there from shall not take the place of State Appropriations and shall be used to supplement State Appropriations to the end that the institution may improve and increase its functions, may enlarge its areas of service and may become more useful to a greater number of people. Subsection (g) defines trust funds as follows:

1. Monies, or the proceeds of other forms of property, received by an institution as **gifts, devises, or bequests** that are neither presumed nor designated to be gifts, devises, or bequests to the endowment fund of the institution;
2. Monies received by an institution pursuant to **grants from, or contracts with, the United States government** or any agency or instrumentality thereof;
3. Moneys received by an institution pursuant to **grants from, or contracts with, any State agencies, and political subdivisions of the State, any other states or nations or political subdivisions thereof, or any private entities whereby the institution undertakes, subject to terms and conditions specified by the entity providing the moneys, to conduct research, training or public service programs, or to provide financial aid to students**;
4. Moneys collected by an institution to support extracurricular activities of students of the institution;
5. Moneys received from or for the operation by an institution of activities established for the benefit of **scholarship funds or student activity programs**;
6. Monies received from or for the operation by an institution of any of its **self-supporting auxiliary enterprises**, including institutional student auxiliary enterprise funds for the operation of housing, food, health, and laundry services;

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7. Monies received by an institution in respect to fees and other payments for services rendered by medical, dental, or other health care professionals under an organized practice plan approved by the institution or under a contractual agreement between the institution and a hospital or other health care provider;

8. The net proceeds from the disposition effected pursuant to Chapter 146, Article 7, of any interest in real property owned by or under the supervision and control of an institution if the interest in real property had first been acquired by gift, devise, or bequest or through expenditure of moneys defined in this subsection (g) as “trust funds,” except the net proceeds from the disposition of an interest in real property first acquired by the institution through expenditure of moneys received as a grant from a state agency;

9. Moneys received from the operation and maintenance of institutional forests and forest farmlands, provided, that such moneys shall be used, when used, by the institution for the support of forest-related research, teaching, and public service programs.

Subsection (i) of the statute provides that the cash balances and receipts of funds identified in the G.S. 116-36.1 are appropriated to the use of the University of North Carolina and its constituent institutions.

**General Statute 116-36.2 “Regulation of Special Funds of Individual Institutions”** provides the legal authority for the chancellor of each institution to have custody and manage the institution’s special funds. It provides that the Board of Governors shall adopt uniform policies and procedures applicable to the administration of these funds, which shall assure that the receipt and expenditure of such funds is properly authorized and that the funds are appropriately accounted for. Special funds of an institution include:

- Moneys received from or for the operation by an institution of its program of intercollegiate athletics;
- Moneys held by an institution as fiscal agent for individual students, faculty, staff members, and organizations.

**General Statute 116-41.7 “Proceeds of Bonds, Revenues, Etc., Deemed Trust Funds”** provides the legal authority for the proceeds of all bonds issued and all revenues and other moneys received pursuant to the authority of this Part shall be deemed to be trust funds, to be held and applied solely as provided in this Part. The resolution authorizing the issuance of bonds shall provide that any officer to whom, or bank, trust company or fiscal agent to which, such moneys shall be paid shall act as trustee of such moneys and shall hold and apply the same for the purposes hereof, subject to regulations as such resolution may provide.
Session Law 1999-237, Appropriation Bill, Section 10.13 “UNC Overhead Receipts” provides the legal authority for overhead receipts earned by constituent institutions of The University of North Carolina to be retained at the campus earning the receipts.

General Assembly Of North Carolina Session 1999

Session Law 2001-424, Appropriation Bill, Section 15.1.(b) “State Agencies to Report on Intellectual Property/Study State Intellectual Property Assets and Technology Transfers” provides that the provisions of this section do not apply to the University of North Carolina and its constituent institutions, or to the North Carolina Community Colleges System, or to employees of these respective institutions who are subject to the intellectual property and inventor policies of the institutions employing them.

General Assembly of North Carolina Session 2001

UNC POLICIES AND PROCEDURES ON INSTITUTIONAL TRUST FUNDS AND SPECIAL FUNDS:

As required by General Statute 116-36.1(a) and 116-36.2, the Board of Governors of the University of North Carolina has established uniform policies and procedures for the administration of institutional trust funds and special funds of individual institutions. These policies and procedures are provided in the UNC System Administrative Policy and Procedures Manual, Chapter VI “Financial Matters, Endowment and Trust Funds”, Section A.

Following is a summary and discussion of the UNC policies and procedures on institutional trust funds:

I. General Provisions

   A. Trust Funds are not to substitute for state appropriations (Neither the funds covered by these policies and procedures nor the investment income there from shall take the place of state appropriations or any part thereof, but any portion of these funds available for general institutional purposes shall be used to supplement state appropriations to the end that the institution may improve and increase its functions, may enlarge its areas of service, and may become more useful to a greater number of people)

   B. Presumption that receipts belong to the General Fund (state appropriated funds) unless shown otherwise (unless the chancellor can show that the moneys fall within one or more of the items listed in Section II.A, or except as otherwise provided by or pursuant to law, all moneys received by or accruing to the institution shall be deemed institutional receipts within the meaning of the Executive Budget Act and shall be deposited with the State Treasurer to the credit of the General Fund)
C. Accounting (the chancellor establishes and maintains an accounting system for trust funds subject to the approval of the State Controller)
D. Internal Control (the chancellor institutes control procedures with respect to handling funds as necessary to prevent misappropriation or mishandling)
E. Pre-audit of disbursements (bills and claims must be approved by the officer or employee authorized to initiate disbursements from the account)
F. Facsimile signatures (chancellor may use facsimile signature machines or signature stamps in signing checks, drafts and warrants)

II Institutional Trust Funds

A. Applicability (items 1 to 9 are the same as G.S. 116-36.1(g))
B. Delegation of authority (to the chancellor of each institution under the supervision of the president)
C. Agency Fund Authorities (the president approves for each institution)
D. Institutional Trust Fund Authorities (the president approves for each institution one or more Institutional Trust Fund Authorities for each of the following categories as may be appropriate to that institution’s operations:)
   1) Gifts, devises and bequests (same as section II.A.(1))
   2) Federal contracts, grants and agreements (same as section II.A.(2))
   3) Non-federal contracts and grants (same as section II.A.(3))
   4) Student extracurricular activities (same as section II.A.(4))
   5) Auxiliary enterprises and activities supporting scholarship funds and student activity programs (same as section II.A.(5) and (6))
   6) Fees for services of health care professionals (same as section II.A.(7))
   7) Dispositions of real property (same as section II.A.(8))
   8) Institutional forests and forest farmlands (same as section II.A.(9))

Each Institutional Trust Fund Authority shall contain the following information:
   1) The name of the institution
   2) The source(s) of the moneys to be credited thereunto
   3) The purpose(s) for which the moneys credited thereunto may be used
   4) The position or individual authorized to receive moneys to be credited thereto and to disburse them

Upon the approval of the president, the Institutional Trust Fund Authority shall be transmitted to the chancellor of the institution and a copy shall be filed among the permanent records of the president’s office. When established as provided therein, the Institutional Trust Fund Authority shall constitute authorization for the institution to receive and disburse the moneys described therein in accordance with the purposes stated, subject to the provisions of G.S. 143-18.1 with respect to capital improvement projects.

E. Subsidiary Account Authorities (For each account within one of the categories described in Section II.D, the chancellor is authorized to approve an account authority containing the following information:
1) The Institutional Trust Fund Authority within the account is established
2) The name of the account and its accounting designation
3) The source of the moneys to be credited thereto
4) The purpose of the account, including any specific restrictions, terms or
conditions on the use of the moneys credited thereto
5) The position or individual authorized to accept receipts and initiate
   disbursements from the account.

Each account authority for institutional trust funds authorized by the chancellor
shall be filed among the permanent records of the office and it shall constitute
authorization for establishment and operation of the account in accordance with the
purposes stated therein.

F. Deposit to and disbursement from institutional trust fund accounts (except as
provided in Section II.I, all moneys within the categories described in Section II.A
shall be deposited with the State Treasurer. Disbursement of such moneys shall be
accomplished by warrant or direct deposit on the State Treasurer issued by the
person designated in the Institutional Trust Fund Authority upon voucher or
requisition of the person designated in the Institutional Trust Fund Authority or the
subsidiary account authority as appropriate. No disbursement shall be made for a
purpose not specified in the appropriate fund or account authority or contrary to
any specific restrictions, terms or conditions on the use of funds.)

G. Allocation of investment income (investment income credited to an institution’s
Agency Fund by the State Treasurer as provided in Section II.D. may be used for
institutional support purposes in such a manner as the president shall approve.)

H. Financial reports (financial reports on the Institutional Trust Funds shall be
submitted by the chancellors to the State Budget Officer, the president and the local
Board of Trustees of the institution. The frequency, form and content of the reports
shall be prescribed by the president, in accordance with the requirements of the
Director of the Budget.)

I. Fees for services of health care professionals (funds identified in Section II.A. (7)
shall be deposited in an official depository of the institution or held by the State
Treasurer).

UNC POLICIES AND PROCEDURES ON INCOME FROM PATENTS:

The Board of Governors of the University of North Carolina has established uniform
policies and procedures for the administration of patent and licensing activity. These
policies and procedures are provided in the UNC System Administrative Policy and
Procedures Manual, Section 500.2 (V).
The administrative manual provides that income earned by each constituent institution from its patent and licensing activity shall be held in a separate trust fund by the institution to support research. The particular unit of the institution employing the inventor or furnishing the research facilities will be given preferential consideration, though not necessarily exclusive consideration, in the allocation of such royalty income by the institution. Allocations from such trust funds shall be made by the chancellor of each institution after receiving recommendations from the institutional patent committee.

**UNC POLICIES AND PROCEDURES ON SERVICE MARKS, TRADEMARKS AND TRADE SECRETS:**

The Board of Governors of the University of North Carolina has established uniform policies and procedures for the administration of service marks, trademarks and trade secrets. These policies and procedures are provided in the [UNC System Administrative Policy and Procedures Manual, Section 500.2 (XIII)](#).

The administrative manual provides that service marks and trademarks are the property of the constituent institutions, and without express authorization from the chancellor or designee, no steps shall be taken for securing trademarks or service marks by usage or registration with respect to products resulting from or arising out of research or other activities carried out at a constituent institution or developed with the aid of its facilities or staff, or produced through funds administered by the constituent institution. The institutions are authorized to register such marks as are deemed by the institution to be appropriate and to license the use of such marks, provided that the income from such licensing shall be used to support the research and educational programs of the institution and not accrue to the personal benefit of University personnel.

**OFFICIAL MEMORANDUMS ON TRUST FUND POLICY AND LAW:**

**BY THE UNC OFFICE OF THE PRESIDENT:**

- Administrative Memorandum #113 (January 25, 1979): "Resolution of the Board of Governors and Administrative Procedures Relative to Trust Fund Legislation” provides for the administrative policies and procedures governing the establishment of Institutional Trust Funds.

- Administrative Memorandum #131 (January 11, 1980): "Administrative Procedures Relative to Trust Fund Legislation – Receipts-Supported Extension Instruction and Public Service Activities” provides definitions on Extension Instruction and Public Service activities and
accounting and budgeting procedures applicable to receipts-supported Extension Instruction and Public Service activities. This memorandum requires that all receipts and balances related to budget purposes of Extension Instruction (103), Educational Television (141), and Community Services (142) be deposited directly into the appropriate General Fund academic budget code of each institution. These activities are considered part of the institution’s continuation budget. This memo indicates that the Office of State Budget and Management acknowledges the need to carry forward receipts related to these programs from one fiscal year to the next in order to provide sufficient working capital and program development funds, to help meet the costs of courses or activities where revenues and corresponding expenditures do not occur within the same fiscal year, and to meet other justified needs. In this regard, the Office of State Budget and Management have indicated that all justified institutional requests for such purposes at the end of each fiscal year will be honored.

(IMPORTANT - Carry-forwards must go through the proper channels at the University – Provost / Chancellor – before a request is made to the OSBM. If carry-forward request is authorized by the Provost / Chancellor, OSBM has the ultimate approval to approve or deny the request. Carry-forwards are not automatic or guaranteed.)

BY THE OFFICE OF STATE BUDGET AND MANAGEMENT:

- Memorandum (October 17, 1980): 
  "Entertainment Expenses” Connected With Receipts – Supported Extension Instruction and Public Service Funds” provides that institutions may continue to provide for entertainment expenses connected with extension and public service activities provided that a separate and identifiable special activity charge is assessed of participants to fully cover such expenses. Entertainment expenses include costs associated with luncheons, banquets, social hours, coffee breaks, etc. Funds collected for entertainment purposes will be deposited into an institutional trust fund account entitled “Special Activities, Extension Instruction and Public Service”. All entertainment expenses for extension instruction and public service activities will be paid from this trust fund account. The trust fund account will be considered under the definition of Institutional Trust Funds covered by Administrative Memorandum #113 and all other rules and regulations applicable to such funds. The trust fund will be identified as a component of the Institutional Trust Fund category entitled “Institutional Auxiliary Enterprises and Activities Supporting Scholarship Funds and Student Activity Programs”.

- Memorandum (December 4, 1980): 
  "Revision to Policies and Procedures Outlined in Memorandum of October 17, 1980 concerni ng “Entertainment Expenses” connected with Receipts – Supported Extension Instruction and Public Service Funds” provides amendments to the memorandum of October 17, 1980 to remove requirement to have a separate and identifiable special activity charge to cover the costs of
“entertainment expenses” but is encouraged. Fees or charges assessed to cover entertainment costs may be included as a part of the registration fee or extension fee. If a separate and identifiable charge is made to cover entertainment cost, such receipts should be collected and deposited directly to the “Special Activities, Extension Instruction and Public Service” trust fund account. If charges for entertainment costs are commingled with the registration fee or course fee, the total amount of such receipts should be collected and deposited to the appropriate revenue line in the general fund operating budget. In this case, the amount of such receipts collected that are necessary to cover entertainment costs should be transferred to the trust fund account. Only the exact amount required to cover entertainment expenses should be transferred.

REQUESTING TRUST FUND AUTHORITIES:

Trust funds authorities are requested by applying to the appropriate central office based on the policies and procedures established by that office. Accounting is responsible for establishing the University’s trust fund authorities.

To request a trust fund you must complete a New Banner Fund Request Form listed on Financial Services homepage. You must be sure that the information provided on the form provides a detailed description of the activities, programs, or operations to be supported by the account. Indicate any specific restrictions, terms, or conditions for the use of funds to be deposited to the account. You must complete all items on the form and attach copies of pertinent information such as correspondence, donor letters, or other documentation that will assist in the review and approval of the request. The requestor and the immediate supervisor must properly sign the form and send to the appropriate approving office (See sections on Establishment of Funds). After review and consideration of the request, the approving office will notify you of the decision and reasons for the decision. If approved, a Trust Fund Authority letter signed by the University Controller will be sent to the requestor, with a copy to either the Office of Sponsored Programs and Contracts and Grants Accounting Office or the Office of Budget and Analysis.

For requests to establish certain Fund 3XXXX types, a Sales Activities Questionnaire can be found on the Financial Services Homepage. It should be completed and submitted for review and approval.

TRUST FUND AUTHORITY REQUIREMENTS:

Departments must adhere to certain terms and conditions over the operation and use of Trust Funds. These terms and conditions are provided or attached by reference in the fund authority letter and in the University’s Policies, Rules and Regulations (see Trust Funds – Operations and Use.) These terms and conditions provide that:

- Trust funds must at all times maintain a positive cash balance unless prior approval has been obtained from the Vice Chancellor for Finance and Administration or his designee.
• Trust funds must be used specifically for the purposes approved and may not accrue personal benefit to University employees or their relatives. All expenditures of the trust fund must be for the business purposes established.
• Sales and Service Trust Funds must follow the same spending guidelines as those for state appropriated funds except for “spending guideline” exceptions given to certain student auxiliary trust funds. Sales and Service Trust Funds include Auxiliary and Related Trust Funds and Other Contract Operations Trust Funds.
• Expenditures for alcoholic beverages should be strictly prohibited.
• Payment requests for food, supplies, or refreshments for departmental receptions, office functions (e.g., a retirement or commencement party), student orientation functions, "coffee breaks" at employee workshops or seminars, and like events must include the appropriate documentation and the approval (signature) of the appropriate Director, Dean, or Vice Chancellor. Expenditures of this type must be for business purposes and follow established University “spending guidelines”.
• Expenditures for member dues in civic or political organizations, clubs, or like organizations are not permitted from any University funding source.
• The principle person responsible for a trust fund account is responsible for ensuring that Accounting is provided in writing information which may change the status of the account including when responsibility for the account is reassigned, when the account becomes inactive, or when modifications need to be considered to the original purpose.
• State travel policies and procedures regarding meal expenses must be followed on all trust funds.
• Expenditure for food at external conferences/workshops/seminars for coffee breaks/meals related to extension activity receipts accounted for in appropriated receipt funds can be paid if such expense is part of the event’s planned functions, state budget requirements are met for sponsoring the event, a registration fee is charged inclusive of meals and other related costs of the event, and the meal payment is processed through a Special Activities – Extension Instruction and Public Service Food Trust Fund.
• Auxiliary Enterprises and Sales and Service Trust Funds must be self-supporting. All costs associated with the trust fund activity that is paid by other funds / budget codes must be reimbursed to the fund / budget code charged for these expenditures.
• The principal person responsible for the trust fund and the individual designated as the Account Custodian have the responsibility to ensure that proper documentation procedures are followed and to ensure that only authorized expenditures are made from the trust fund. Unauthorized expenditures must be resolved timely. Items needing Accounting’s attention for correction or investigation should be reported immediately. If Fraud is suspected, you must report this to the University’s Internal Auditor.
• The principle person responsible for a trust fund is responsible for ensuring good business practices (internal controls) over the authorizing, processing and recording of transactions and safeguarding of assets and records. Good business practices include:
  o Proper Segregation of Duties – more than one person should be involved with the accounting functions (authorizing, processing and recording).
  o Monthly Reconciliations – the trust fund monthly activities as recorded in Financials should be agreed to the underlying supporting documentation and reviewed by a person having authority over the trust fund.
  o Proper Supervision – activities should be supervised especially when segregation of duties is not possible because of staff limitations. Supervision provides for the direction, oversight, and assurance that control activities are met and for the management and mitigation of staff limitations/weaknesses.
  o Training – persons involved with the activities should be properly trained and knowledgeable as to the use of the Financials system, the university’s policies and procedures, expenditure guidelines, and good business practices.
  o Proper Supporting Documentation – transactions should be supported with adequate supporting documentations including invoices, purchase orders, requisitions, receiving reports. A date stamp should be applied to all invoices to document received dates.
  o Annual Reviews – trust fund balances should be reviewed annually to determine that unexpended balances are not excessive. Unexpended balances determined to be excessive should be used to expand services or to reduce subsequent billing rates.

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LINKS TO RELATED SITES:

WSSU Spending Guidelines