

QUINSIGAMOND COMMUNITY COLLEGE

TRUST FUND MANAGEMENT GUIDELINES

Revised:

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ROLE OF TRUST FUNDS

Trust Funds play an important role in financing the educational needs of all students in the public higher education system. **The statutory authority for Trust Funds is found in Massachusetts General Laws Chapter 15A, Section 9 (N) and 22 (E), Chapter 73 Section 14 and chapter 75 Section 11.** These statutes provide authority for the Board of Higher Education and the Boards of Trustees of Quinsigamond Community College, to seek, accept, establish and administer trust funds for campus projects, programs and activities. The statutes stipulate that all income received be held in trust and be expended for the purposes for which the trust funds were established. Trust funds are used to complement state appropriations in order to ensure sufficient funding of an institution's total needs.

- The expenditure of state appropriated funds is governed by state regulations, which control expenditures for all state agencies. Statutory authority for enforcing state regulations rests with several entities including the State Comptroller. The Office of the State Auditor has authority under Chapter 11, Section 12 of the Massachusetts General Laws to audit colleges' and universities' programmatic and financial activity including trust funds in accordance with General Accepted Government Auditing Standards.
- Trust funds expenditures are regulated differently. Although technically public funds, trust funds are not appropriated funds, and therefore, are not subject to the same spending rules and regulations as appropriated funds. Where external, third party regulations do not exist; responsibility for regulating and controlling the expenditure of campus trust funds rests with the Board of Trustees. The Board of Higher Education does not have statutory authority over Quinsigamond's trust funds. The Office of the State Auditor has statutory authority to audit Trust Fund revenues and expenditures.

The Board of Trustees of Quinsigamond Community College has the responsibility to issue these guidelines to ensure that, (1) all trust Fund revenues due to be received have been received and properly deposited and accounted for, and (2) all expenditures from trust funds are for the purpose for which the Trust was established.

BUDGETING AND FINANCIAL MANAGEMENT

Each year prior to the end of the fiscal year, the President shall present to the Board of Trustees a line item budget for each of the College's Trust Funds for the coming fiscal year. The budget, in addition to showing the proposed expenditures by subsidiary account, shall contain an analysis of the current fund balance of the Trust Fund and the projected revenue for the coming fiscal year. Once approved by the Board of Trustees, the Board of Trustees must approve all subsequent changes to the budget. Such budgets shall include sufficient detail to permit the identification of major expenditures.

The official financial records of the college are maintained in the College's Jenzabar System. These records shall follow the generally accepted fund accounting principles as promulgated by the American Institute of Certified Public Accountants (AICPA) and the National Association of College and University Business Officers (NACUBO).

All relevant personnel policies established by the Board of Trustees and Board of Higher Education and all relevant state laws shall be applied as appropriate to employees of the college whose salaries are paid from trust funds.

Only the Board of Trustees may authorize the transfer of funds from and between trust funds.

Bank deposits of Trust fund receipts shall be made daily and, except in unusual and extenuating circumstances, no funds will be left undeposited at the end of a business day. Any undeposited funds shall be secured at all times. All cash received will be acknowledged by a written receipt issued by the Business Office. Cash Balances in excess of those needed to meet emerging obligations may be pooled into one investment account with interest apportioned among each fund on a regular basis. The President of the College, the Vice President of Administrative Services/Chief Fiscal Officer, the Comptroller, and the **Assistant Comptroller** shall be the only officers of the College authorized to sign the Trust Fund Checks. An employee, other than the four listed above, shall be responsible for the monthly reconciliation of all Trust Fund checking accounts.

RESPONSIBILITY AND REPORTING

- 1) Responsibility for the specific trust fund guidelines and regulations rests with the institutional Board of Trustees. These guidelines should include policies and procedures concerning trust fund revenue sources, appropriate and inappropriate expenditures, bank accounts, spending approval levels, and required documentation.
- 2) Responsibility for Trust Fund administration rests with the President. Records shall be maintained in accordance with proper accounting procedures, including documentation of receipts, disbursements, and bank accounts.
- 3) The policies, procedures and internal controls established and enforced by the Vice President of Administrative Services/ or designee shall apply to all Trust Fund administrative and financial activity. All transactions and significant events shall comply with Chapter 647 of the Acts of 1989, an Act Relative to improving the Internal controls within State Agencies, and the Office of the State Comptroller's Internal Control Guides for departments.
- 4) All trust fund activities shall be subject to regular audit and inspection by the State Auditor's department and the Board of Higher Education.
- 5) The institution should establish clear goals and objectives for the trust fund and, where feasible, an annual budget should be developed, reviewed by the President, and submitted to the Board of Trustees for approval before the beginning of each fiscal year. Such budgets should include sufficient detail to permit the identification of major expenditures. Expenditures should not exceed budgeted amounts for each Trust Fund without prior approval.
- 6) The President shall provide an accounting of trust fund expenditures to the Board of Trustees at each of its regularly scheduled meetings. The level of detail required in the Trustee Report is left to the discretion of the Board of Trustees. Each report shall contain a certification by the President that all records were maintained in accordance with proper accounting procedures, including documentation of receipts, disbursements and bank accounts, and assurances that all expenditures relate to the institutional mission. The President shall also provide audited financial statements to the Trustees and to the Board of Higher Education on an annual basis. Additional reports may be requested at the discretion of either board.
- 7) The President shall report all violations of trust fund expenditures standards as well as the follow-up action taken to address each violation to the Board of Higher Education. This report should be made on a quarterly basis if violations occur. If no violations occur during the year, the audit report and management letter are required as confirmation of this fact.
- 8) In accordance with Chapter 647 of the Acts of 1989, an Act Relative to Improving the Internal controls at State Agencies, all unaccounted for variances, losses, shortages or theft of funds or property shall be immediately reported to the Office of the State Auditor (OSA).

- 9) Wherever these guidelines require the Board of Trustee's approval, approval shall be given by the full Board, a sub-committee of the Board, or Trustee Board Chairperson or designee.
- 10) Wherever these guidelines require prior approval, the approval of the annual budget by the Board of Trustees shall satisfy prior approval requirement for any expenditure provided the annual budget includes sufficient detail to permit the identification of said expenditure.
- 11) The President, or his/her designees, shall have discretion over individual trust fund expenditures up to \$50,000, except in the following circumstances which require approval by the Board of Trustees regardless of the amount of the expenditures:
 - expenditures, which personally benefit the President,
 - the President's housing allowance,
 - expenditures for renovations or repairs of President's office or home,
 - expenditures for individual membership dues in excess of \$500 (\$1,000 for the President), except for fees or dues associated with professional organizations that directly advance the institution's mission,
 - expenditures for attendance at charitable dinners or events,
 - expenditures for trustee travel,
 - expenditures for entertainment of guests in President's home.
 - expenditures for moving costs, (Attracting individuals of high quality may require moving them from other parts of the state or country.) Moving expenses should not exceed the regional, average cost of moving between two points, and must have the prior approval of the Board of Trustees. Competitive bids for moving costs shall be sought in all cases. (These expenditures should not include storage fees.) and,
 - expenditures for purchase or lease of motor vehicles for use by the President or other administrators. (The lease or purchase of a full-sized, mid-priced automobile for the President's use is permitted. If a more expensive vehicle is desired by the President, the difference in cost shall be paid by the President. The College shall comply with IRS guidelines for the personal use of an institutional vehicle).
- 12) Individual expenditures over the ceiling of \$50,000, as specified by the Board of Trustees, require the prior approval of the Board of Trustees. Each Board of Trustees shall inform the Chancellor of the Board of Higher Education of the ceiling specified by that Board.

CATEGORIES OF EXPENDITURE

Expenditure of Trust Funds for personnel costs, detailed in the budget approved by the Trustees, are authorized only by a Personnel Action Request (01) signed by the President or Request to Employ (03) signed by the appropriate Cabinet Member.

The **Purchasing Manager** is designated by the President as the sole Purchasing Agent for the College. Except as noted below, he/she may authorize the expenditure of Trust Funds for non-personnel items detailed in the budget approved by the Board of Trustees. Such authorization shall be by written purchase order signed by him/her after receiving a signed purchase order requisition from the Cost Center Head, requesting the action. All purchases are contingent upon the availability of funds within the approved budget line and consistency with the approved budget for the Cost Center requesting the purchase.

Whenever an expenditure approved by the Board of Trustees would personally benefit or might have the appearance of personally benefiting the approving individual, that person is prohibited from approving such an expenditure, regardless of the dollar amount. In all such circumstances, an institutional official at a higher organizational level must approve the expenditure in advance. In the case of the President, the Board of Trustees must provide prior approval of such expenditures via the budget process.

1) Prohibited Expenditures

Expenditures of a personal nature, unreasonable or excessive expenses, and those not specifically related to the conduct of institutional business, are not reimbursable. The following are indicative of the type of expenditures that should not be reimbursed:

- a) Contributions to charitable organizations,
- b) Contributions to individuals, or their associated committees, seeking elected, public office,
- c) Contributions to political action committees (PACs) or equivalent organizations,
- d) Sport, theatre and other entertainment tickets, unless the event is being held on campus and/or the expenditure benefits the mission of the institution or directly supports its instructional programs,
- e) Excessive or extravagant costs,
- f) Personal entertainment,
- g) Travel insurance in excess of the amount automatically provided by the institution and the Commonwealth
- h) Fines for traffic or parking violations,
- i) Insurance for a personally-owned car,
- j) Articles stolen from a personal or rental car,
- k) Purchase of briefcases or luggage,
- l) Expenses incurred in connection with personal business,
- m) Expenses related to spouse or guest travel,
- n) Private club membership dues or initiation fees.

2) Travel and Subsistence Costs

a) Employee Travel:

When traveling to and from institutional business activities, actual expenditures for transportation, including bus, railroad, airline, subway, taxi and personal auto shall be reimbursed to the extent that these expenditures exceed the normal daily cost of commuting to and from the institution. Where practical, the least expensive mode of transportation shall be used. All employees shall fly coach class, or at discount fares, where available. Meal expenses will be reimbursed to employees requiring overnight travel for college related travel at the per diem rate.

A comprehensive travel expense voucher shall be filed for each trip. The voucher shall reflect the cost of registration at a convention or meeting, including local transportation, lodging, meals, and miscellaneous costs. Paid receipts, in support of each item of cost, shall be attached to the voucher in order to be reimbursed. If one or more cost items have

been separately paid by the institution (e.g. airfare), the cost item should be reported on the voucher, noted as paid, and an original receipt of the airfare ticket or other invoice noted on the voucher. Adequate conference registration documentation should be attached to the voucher to demonstrate the extent to which meals were included in the registration fee.

Personal automobile mileage rate, plus documented costs for parking and tolls, shall be reimbursed at the applicable collective bargaining agreement/Personnel Policies Handbook rate.

The President, or area Vice President/designee must approve the use of a rental car in advance.

Business meal expense, including food, beverage and tips, must be reasonable and appropriate under the circumstances. Meal expense, when found not to be excessive, may be fully reimbursed to members of the Executive Team and other employees approved by the President and when documented by a paid receipt. Any request for reimbursement for meal expense, which is not accompanied by a receipt, may be reimbursed at the College's per diem rate for meals.

Expense documentation shall include:

- Date, city, restaurant and description of meal (lunch, dinner, etc.)
- Name(s), company, affiliation(s) and business relationship(s) of person(s) in attendance
- Business purpose and/or benefit to the institution for incurring the expenses
- Amount spent

b) Non-employee Travel:

Trust fund expenditures to pay for spouse or personal guest travel are not permitted.

At the president's direction, students, and candidates for professional positions at the college, may be allowed to incur travel expenses charged to trust funds. Trustee travel must be approved in advance by the Chairperson of the Board of Trustees. In all cases, the activities and expenses must be clearly related to the mission of the institution.

Expense documentation, for travel by Trustees, students or candidates for professional positions at the College, shall conform to the documentation required for employee expenses. In addition, the listing of unallowable expenses noted for employees also applies to aforementioned individuals.

(3) Personal and Student Loans

Personal loans, except as provided by financial aid programs at the institution, shall not be granted to institutional staff, students or Board members. In certain rare circumstances, it may be permissible to provide salary advances to employees if the institution cannot meet payroll due to technical difficulties (e.g. computer failure, etc.). Such advances shall be repaid promptly to the trust fund.

(4) Employee and Student Recognition and Activities

Within moderate limits, certain expenditures of trust funds to enhance employee and student morale or to recognize achievement, longevity, performance or retirement, can be made. These circumstances include, but are not limited to:

- Institutional social functions, and
- Employee and student recognition, awards, and dinners.

(5) Entertainment of institutional donors, alumni, friends, guests and visitors

- a) Such entertainment should be in moderation and good taste.
- b) It is appropriate for a college President to entertain guests in his/her home as part of official duties. Such expenditures must have prior approval of the Board of Trustees.
- c) Expenditures for entertainment may include:
 - Equipment and furniture rentals
 - Materials and supplies
 - Food and beverage
 - Entertainment
 - Service Staff
 - Travel and related expenses.
- d) Sports, theatre and other entertainment tickets, cannot be purchased with trust funds unless the event is being held on campus and/or the expenditure benefits the mission of the institution, or directly supports its instructional programs.

(6) Miscellaneous

Purchase of flowers, gifts and cards, in moderation from trust funds, may be appropriate. Appropriate occasions include, but are not limited to:

- Death or illness of an employee, student, trustee or person of special importance to the institution, or immediate family of said persons, and
- special guest visits.