

LOS ANGELES COMMUNITY COLLEGES
OFFICE OF THE CHANCELLOR
ADMINISTRATIVE REGULATIONS

INDEX NUMBER AO-1

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| REFERENCE: Board Rules, Chap. XIII Article 13100 through 13100.13 | TOPIC: Recognition and Establishment of Auxiliary Organizations |
| ISSUE DATE: | INITIATED BY: Business Services |
| CHANGES: | DATE OF CHANGES: |

1. Recognition of the establishment of an auxiliary organization by the Board of Trustees pursuant to Education Code Section 72672(c) and California Administrative Code, Title 5, Sections 59255 and 59257 (a) shall require that a recommendation is submitted to the Board of Trustees by the Chancellor when the organization will serve the District; or, by the Chancellor on behalf of a college president when the organization will primarily serve a particular college. The recommendation shall include but not be limited to the following:
 - a. The purpose(s) for which the auxiliary organization is to be established;
 - b. Whether the proposed auxiliary organization will primarily serve the District or a particular college;
 - c. The functions which the auxiliary organization is intended to perform;
 - d. The proposed bylaws and articles of incorporation for the auxiliary organization, including the size and composition of the Board of Directors; and
 - e. The proposed written agreement between the auxiliary organization and the District, as required in Sec. 59259 of the Administrative Code.

2. The process of recognition shall be as follows:
 - a. When the president of a college has submitted to the Chancellor the request to establish an auxiliary organization, the Chancellor shall in turn submit a recommendation concerning the establishment of said organization to the Board of Trustees within three (3) months;

- b. The Board of Trustees shall hold a public hearing on each recommendation concerning the establishment of an auxiliary organization; and
- c. At a subsequent scheduled meeting after the public hearing, the Board shall announce its decision concerning the establishment of the organization, and, if approved, authorize the functions it may perform, identify the number and category or categories of the Board of directors and approve contractual arrangements.

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|---|--|
| REFERENCE: Board Rules, Chap. XIII Article 13101 | TOPIC: Auxiliary Organization Recognized Food Services, Programs and Functions |
| ISSUE DATE: | INITIATED BY: Business Services |
| CHANGES: Sections 1&2 | DATE OF CHANGES: April 3, 2000 |

1. Auxiliary organizations may be recognized and established by the Board of Trustees to perform the following services, programs and functions:

- a. Student association or organization activities;
- b. Bookstores;
- c. Food and campus services as articulated below;
- d. Student union programs;
- e. Facilities and equipment, including parking;
- f. Loans, scholarships, grants-in-aid;
- g. Workshops, conferences, institutes and federal and specially funded projects;
- h. Alumni activities;
- i. Supplementary health services;
- j. Gifts, bequests, devises, endowments and trusts; and
- k. Public relations programs.

No auxiliary organization shall be authorized by the Board of Trustees to engage in any other function unless the Board of Governors amends Section 59259 of Title 5 by adding said function to the list of approved functions of auxiliary organizations; or unless said function is essential to satisfy the non-profit corporation or tax laws of the State of California or the Federal tax laws.

2. Bookstores and food services may be administered only by a District-wide auxiliary organization. Colleges may submit a "Request for Contract", which may require a competitive bidding process with the District, as appropriate, so that a contract with the individual college's foundation may be considered for the purpose of servicing and maintaining District-owned vending machines. Any other food services activities by college foundations may only be assumed if the Chancellor has specifically authorized the college foundation to conduct such activities, and any legal requirements have been met, such as competitive bidding,

lease of space, and review by the Personnel Commission regarding contracting out food service work.

3. Federal and specially funded projects which require status or financial reports or may be subject to audit by the awarding agency may be administered only by a District-wide auxiliary organization.
4. Operations of commercial services on a campus shall be self supporting when operated by an auxiliary organization.

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|--|---|
| REFERENCE: Board Rules, Chap. XIII Articles 13108.10-13108.11 | TOPIC: Authority and Responsibility of Auxiliary Organizations |
| ISSUE DATE: | INITIATED BY: Business Services |
| CHANGES: | DATE OF CHANGES: |

1. Enrollment in courses or programs offered by auxiliary organizations shall not be included in reports to the state for the purpose of receiving apportionment funding.
2. All services, programs and activities that may be undertaken by an auxiliary organization shall be maintained for the general benefit of the educational program of the District and its colleges. Upon Board of Trustee approval, an auxiliary organization may assume any of the services, programs and activities listed in Board Rule 13101 in order:
 - a. To provide the fiscal means and the management procedures that allow the college and/or District to carry on educationally related activities not normally funded by State apportionment;
 - b. To eliminate the undue difficulty that would otherwise arise under the usual governmental budgetary, purchasing and other fiscal controls; or
 - c. To provide fiscal procedures and management systems that allow effective coordination of the auxiliary activities with the college and/or District in accordance with sound business practices.

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|---|--|
| REFERENCE: Board Rules, Chap. XIII Article 13102 | TOPIC: Composition of Boards of Directors |
| ISSUE DATE: | INITIATED BY: Business Services |
| CHANGES: | DATE OF CHANGES: |

1. The board of directors of each auxiliary organization shall have the following composition:

Student Associations or Organizations. The board of directors shall consist primarily of students. The college president or his/her representative may attend and participate in meetings of the board of directors in order to advise on policy and to provide for the control and regulation required by Education Code Section 76060.

Other Auxiliary Organizations. Any other District approved auxiliary organization that is established pursuant to Section 72670 et seq. of the Education Code shall have a board of directors appointed in accordance with the organization's articles of incorporation or bylaws and consisting of voting membership from one or more of the following categories:

Administration and staff;
Faculty;
Members of the community;
Students.

2. The size of the board of directors of an auxiliary organization shall be at least large enough to accommodate the one of more categories from which board members are selected.
3. Non-profit corporations that existed prior to the effective date of these Rules and that are recognized and established as auxiliary organizations under these Rules may continue to be governed by the board of directors existing at the time of recognition. Thereafter, additions to the membership of the boards of directors shall be made so as to include membership from one or more of the categories set forth in Board Rule 13102.11.

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|---|--|
| REFERENCE: Board Rules, Chap. XIII Article 13102 | TOPIC: Conduct of Board of Directors |
| ISSUE DATE: | INITIATED BY: Business Services |
| CHANGES: | DATE OF CHANGES: |

1. No member of the board of directors of an auxiliary organization shall be financially interested in any contract or other transaction entered into by the board of which he/she is a member. Any contract or transaction entered into in violation of this section is void.
2. No contract or other transaction entered into by the board of directors of an auxiliary organization is void under the provisions of Education Code Section 72677; nor shall any member of such board be disqualified or deemed guilty of misconduct in office under such provisions, if both of the following conditions are met:
 - a. The fact of such financial interest if disclosed or known to the board of directors and noted in the minutes, and the board thereafter authorizes, approves, or ratifies the contract or transaction in good faith by a vote sufficient for the purpose without counting the vote or votes of such financially interested member or members.
 - b. The contract or transaction is just and reasonable as to auxiliary organization at the time it is authorized or approved.
3. The provisions of Education Code Section 72678 shall not be applicable if any of the following conditions are met:
 - a. The contract or transaction is between an auxiliary organization and a member of the board of directors of that auxiliary organization.
 - b. The contract or transaction is between an auxiliary organization and a partnership or unincorporated association of which any member of the governing board of that auxiliary organization is a partner or in which he or she is the owner or holder, directly or indirectly, of a proprietorship interest.

- c. The contract or transaction is between an auxiliary organization and a corporation in which any member of the board of directors or that auxiliary organization is the owner or holder, directly or indirectly, of five (5) percent or more of the outstanding common stock.
 - d. A member of the board of directors of an auxiliary organization is interested in a contract or transaction within the meaning of Education Code Section 7267.7 and without first disclosing such interest to the governing board at a public meeting of the board, influences or attempts to influence another member or members of the board to enter into the control or transaction.
4. It is unlawful for any person to utilize any information, not a matter of public record, which is received by the person by reason of his/her membership on the board of directors of an auxiliary organization, for personal pecuniary gain, regardless of whether he or she is or is not a member of the board at the time such gain is realized.

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|--|---|
| REFERENCE: Board Rules, Chap. XIII Article 13102, 13103 | TOPIC: Bylaws |
| ISSUE DATE: | INITIATED BY: Business Services |
| CHANGES: | DATE OF CHANGES: |

1. The bylaws of an auxiliary organization shall include but not be limited to specifying:
 - a. The number of members of the board of directors, the categories from which members shall be selected and the method by which they shall be selected.
 - b. The size of the board of directors
 - c. That at least one public business meeting will be held each quarter.
 - d. The time table for the preparation and adoption of its program and annual budget and the submission of both for review to the Chancellor (or, in the case of an organization serving a college of the District, to the college president).
 - e. That an attorney admitted to practice in this state and a licensed certified public accountant shall be selected to provide advice and counsel to the board of directors. Each shall have experience appropriate to the responsibility and shall have no financial interest in any contract or other transaction entered into by the board which he/she serves. Neither the attorney nor the certified public accountant needs be a member of the board of directors.
 - f. The procedures for approving expenditures.
 - g. The procedures for accepting gifts, donations, bequests, trusts and specially funded grants and other income.

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|---|---|
| REFERENCE: Board Rules, Chap. XIII Article 13101, 13103.13 | TOPIC: Agreement between District and Auxiliary Organization |
| ISSUE DATE: | INITIATED BY: Business Services |
| CHANGES: | DATE OF CHANGES: |

1. In the recognition and establishment of an auxiliary organization there shall be a written agreement between the District and the auxiliary organization which sets forth the purposes of the auxiliary organization as permitted under Board Rule 13101 and Section 59259 of Title V of the Administrative Code.
2. Should an auxiliary organization provide more than one service, program or function, such service, program or function may be authorized in one of more written contracts with the District. Such services, programs and functions thereby performed by an auxiliary organization may also be part of a joint powers agreement in accordance with Education Code Section 72671 and Government Code Section 6500, et seq.
3. An auxiliary organization shall provide only those services, programs or functions authorized by a written agreement. No other service, program or function shall be permitted or performed unless a written agreement between the District and the auxiliary organization is amended to provide otherwise.
4. The agreement shall include but is not limited to the following provisions:
 - a. The services, programs or functions the auxiliary is to manage, operate or administer.
 - b. A statement of the reasons for administration of the functions by the auxiliary organization instead of by the District or college under usual District procedures.
 - c. The areas of authority and responsibility of the auxiliary organization and the District or college.
 - d. The facilities and services to be made available by the District or college to permit the auxiliary organization to perform the services, programs or functions specified in the written agreement.

- e. The charge or rental to be paid to the District by the auxiliary organization for the facilities used or services provided in connection with the performance of its function. The charge or rental specified shall be identified in sufficient time before it is incurred so that the organization may determine to what extent it shall be liable thereof.
- f. Full reimbursement to the District for services performed by the District or by District employees in support of the auxiliary organization. Student body auxiliary organizations may be exempt from reimbursing all or any portion of the costs for such services. Methods or proration where services are performed by District employees for the organization shall be as mutually determined.
- g. A mutually agreed upon method of determining in advance to what extent the organization shall be liable for indirect costs relating to specially funded programs.
- h. The responsibility for maintenance and payment of operating expenses.
- i. Proposed expenditures for public relations or other purposes which would serve to augment District appropriations for operations of the District. With respect to expenditures for public relations or other purposes which would serve to augment District appropriations for operation of the District, the auxiliary organization may expend funds in such amount and for such purposes as are approved by the board of directors of the auxiliary organization.

The board of directors shall file with the Chancellor a statement of such policy on accumulation and use of public relations funds for all auxiliary organizations. The statement shall include the policy and procedure on solicitation of funds, source of funds, amounts, and purpose for which the funds will be used, allowable expenditures, and procedures of control. In the case of an auxiliary organization serving a college of the District, the college president shall file such a statement with the Chancellor.

- j. The disposition to be made of net earnings derived from the operation of the auxiliary organization, including earnings derived from facilities owned and leased by the auxiliary organization, and provisions for reserves.
- k. The disposition to be made of net assets and liabilities on dissolution of the auxiliary organization or cessation of the operations under the agreement.

- l. The covenant of the auxiliary organization to maintain its organization and to operate in accordance with Sections 72670 through 72682 of the Education Code and with the regulations contained in Chapter 5 (commencing with Section 59250) of Division 10, Part IV of Title 5 of the California Administrative Code, as well as District Board Rules.
- m. The understanding that the auxiliary organization shall obtain the services and counsel of an attorney admitted to practice in the State of California whenever the need arises.
- n. The understanding that the auxiliary organization shall not enter into any contract or other business arrangement involving real property either by lease involving payments of more than one year, or by purchase without prior notification and consultation with the Chancellor.

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|---|---|
| REFERENCE: Board Rules, Chap. XIII Article 13104 | TOPIC: Personnel |
| ISSUE DATE: | INITIATED BY: Business Services |
| CHANGES: | DATE OF CHANGES: |

1. Each auxiliary organization shall develop general regulations to govern its operations, including policies and regulations concerning the salaries, working conditions and benefits of its employees.
2. The aforesaid regulations shall not conflict with the Implementing Regulations adopted by the Board of Trustees or with these regulations.
3. Except as otherwise provided in Board Rules XIII, the board of directors of each auxiliary organization shall, pursuant to Education Code Section 72672, provide salaries, working conditions and benefits for its full-time employees that are comparable to those provided District employees performing substantially similar services. For those full-time employees who perform services that are not substantially similar to the services performed by District employees, the salaries established shall be comparable to the salaries prevailing in other educational institutions in the area or commercial operations of like nature in the area.
4. Regular District employees may be employed by the Auxiliary Organization. District employees must resign or request a personal leave of absence from the District in order to accept employment with the Auxiliary Organizations. Personal leaves of absence are granted as follows:
 - a. Certificated management employees may be granted a personal leave of absence for two (2) semesters and may be extended to a maximum of ten (10) consecutive semesters. (Personnel Guide B422)
 - b. Classified management employees may be granted a personal leave of absence for up to one (1) year. This leave may not be extended beyond one year without the employee first having returned to active duty. (Personnel Commission Rule 803)
 - c. Certificated (faculty) employees may be granted a personal leave of absence for two (2) semesters. The leave may be extended for not more than six consecutive semesters. (AFT Collective Bargaining Contract)

- d. Classified employees may be granted a personal leave of absence for up to one (1) year. This leave may not be extended beyond one year without the employee first having returned to active duty. (Personnel Commission Rule 803)
5. The board of directors of each auxiliary organization may provide retirement benefits different from those provided comparable District employees and may withhold retirement benefits or permanent status benefits or both from temporary employees. For the purposes of this Rule, a temporary employee is:
 - a. An employee employed for a specific research project, workshop, institute or other special project funded by any grant, contract of gift; or
 - b. An employee whose contract of employment is for a fixed term not exceeding three years.
6. The board of directors of each auxiliary organization may withhold permanent status benefits from executive employees. For the purpose of this Rule, an executive employee is any management employee with responsibility for the development and execution of the auxiliary organization's policies and includes, but is not limited to, general managers, managers, directors and the like, as determined by the board of directors of each auxiliary organization.
7. Should retirement benefits be provided, they may but need not be provided by the Public Employees' Retirement System. Any newly created auxiliary organization is exempted from the requirement of providing retirement benefits for a period not to exceed three years from the date on which the Board of Trustees recognizes the establishment of such auxiliary organization.
8. An auxiliary organization may contract with the District for the services of a District employee and reimburse the District for that portion of the employee's full-time assignment (and corresponding benefits) which is spent in providing said services.

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|---|--|
| REFERENCE: Board Rules, Chap. XIII Article 13106 | TOPIC: Accounting and Reporting for Auxiliary Organizations |
| ISSUE DATE: | INITIATED BY: Business Services |
| CHANGES: | DATE OF CHANGES: |

1. The fiscal year of the auxiliary organization shall coincide with that of the District.
2. Each auxiliary organization shall develop an accounting system which is in accordance with generally accepted accounting principles and which meets the following requirements:
 - a. Utilizes double entry accounting
 - b. Utilizes fund accounting formats
 - c. Produces the information necessary to provide the required reports listed below (Section 4)
3. The accounting system shall be submitted to the Vice Chancellor, Business Services, for review prior to its implementation.
4. The auxiliary organization shall provide the following types of reports on the schedule indicated wherever applicable:

| | <u>Type of Report</u> | <u>Frequency</u> | <u>Recipient</u> |
|----|---|----------------------|-------------------------------------|
| a. | State of Financial Condition | Monthly | Aux Org Board & Vice Chanc., BSD |
| b. | Changes in Fund Balances | Annually | " |
| c. | Statement of Activity | Annually | " |
| d. | Changes in Financial Position | Annually | " |
| e. | Schedule of Activity of Aux. Org. Activities Fund | Monthly Quarterly | Aux. Org. Board Vice Chanc., BSD |
| f. | Schedule of ASB Program Operations | Quarterly | " |
| g. | Schedule of Student Union Program Operations | Same as report (f) | |
| h. | Schedule of Source of Funding & Expenditures | Monthly | Aux. Org. Board & Vice Chanc., BSD |
| i. | Schedule of Indirect Expenditures | Annual | " |
| j. | Schedule of Investments and Savings | Same as report (i) | |

5. The auxiliary organization shall implement financial standards which will assure its fiscal viability. Such standards shall include proper provision for professional management, adequate working capital, adequate reserve funds for current operations, capital replacements, contingencies and adequate provisions for new business requirements.
6. Each auxiliary organization serving the District shall submit its programs and budgets for review at a time and in a manner specified by the Chancellor. Similarly, the programs and budgets for auxiliary organizations primarily serving a college in the District shall be submitted to that college president for review, and to the Chancellor.

Should the Chancellor or president, as appropriate, determine that any program or appropriation planned by an auxiliary organization is not consistent with District or college policy, the program or appropriation which has received approval, upon review, be determined by the Chancellor or president to be operating outside the acceptable policy of the Board of Governors, the District, or the college, then that program or appropriation shall be discontinued by direction of the Chancellor or president until further review is accomplished and an appropriate adjustment is made.

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|---|---|
| REFERENCE: Board Rules, Chap. XIII Article 13105 | TOPIC: Expenditures and Fund Appropriation |
| ISSUE DATE: | INITIATED BY: Business Services |
| CHANGES: | DATE OF CHANGES: |

1. The board of directors of an auxiliary organization shall approve all expenditure authorizations.

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|--|--|
| REFERENCE: Board Rules, Chap. XIII Article 13109.10 | TOPIC: Records and Annual Report of Auxiliary Organizations |
| ISSUE DATE: | INITIATED BY: Business Services |
| CHANGES: | DATE OF CHANGES: |

1. Personnel and payroll records shall be maintained as permanent records by each auxiliary organization.
2. Adequate records of all other transactions of an auxiliary organization shall be maintained for a minimum of five (5) years. Transactions of the organization include, but are not limited to, purchases, disbursements, and investments.
3. An annual report shall be submitted to the board of directors of the auxiliary organization and to the Chancellor of the District by September 15. The report shall include but is not limited to:
 - a. All financial statements required to be filed with the Board of Governors' Office;
 - b. A comparison of budgeted and actual expenditures;
 - c. A description of major accomplishments of the organization;
 - d. A description of improvements proposed for the operation of the organization.

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|--|---|
| REFERENCE: Board Rules, Chap. XIII Article 13109.13 | TOPIC: Audit |
| ISSUE DATE: | INITIATED BY: Business Services |
| CHANGES: | DATE OF CHANGES: |

1. Each auxiliary organization shall have an annual fiscal audit of any and all funds. The audit shall be performed by a certified public accountant in accordance with procedures prescribed by the Board of Governors, as contained in the California Community Colleges Auxiliary Organization Accounting and Reporting System. Copies of the annual audit report shall be submitted to the Board of Trustees and to the Board of Governors' Office within 30 days after it is received by the auxiliary organization. Thereafter it shall be a public record, except as otherwise provided by law. Such audits may be conducted as part of a fiscal audit of the District itself.
2. Auxiliary organizations shall annually publish an audited statement of their financial condition which shall be disseminated as widely as feasible and be available to any person on request. A reasonable fee may be charged to cover the costs of providing a copy. When an auxiliary organization primarily serves a single college of the District, the auxiliary organization shall comply with this requirement by:
 - a. Publishing the audited financial statement in a campus newspaper; or
 - b. Publishing a notice in a campus newspaper indicating the on-campus location where copies of the financial statement may be obtained or reviewed; or
 - c. Publishing or noticing the audited statement in accordance with Board Rules 13109.10 and 13109.11 in a campus bulletin or other appropriate medium if a campus newspaper is unavailable.

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| REFERENCE: Board Rules, Chap. XIII Article 13107.15 | TOPIC: Appropriation of Indirect Cost Payments |
| ISSUE DATE: | INITIATED BY: Business Services |
| CHANGES: | DATE OF CHANGES: |

1. Indirect cost payments shall be accepted as unrestricted income and shall be appropriated to reimburse the costs which have actually been incurred, including depreciation or use allowances for buildings and equipment.
2. A schedule of expenditures of indirect cost payments shall be reported annually to the auxiliary organization board of directors and to the District Board of Trustees through the Chancellor (see Accounting and Reporting).

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|---|---|
| REFERENCE: Board Rules, Chap. XIII Article 13107.10-12 | TOPIC: Funds |
| ISSUE DATE: | INITIATED BY: Business Services |
| CHANGES: | DATE OF CHANGES: |

1. All money collected by or on behalf of a Student Body auxiliary organization shall be deposited in trust by the college fiscal administrator of the colleges. All such money shall be accounted for properly and, subject to the approval of the college president or designee and the appropriate officer of said organization, be deposited or invested in any one or more of the ways specified in Sections 76063 and 76064 of the Education Code.

The college fiscal administrator of the college shall be custodian of all unexpended funds and money collected by or on behalf of a student body auxiliary organization and shall provide the necessary accounting records and controls for such funds. These funds may be expended by the custodian only upon the submission of an appropriate claim scheduled by officers of said organization.

2. Trust funds shall be used specifically for the purpose designated in the instrument creating the trust.
3. Funds of an auxiliary organization shall be used for purposes consistent with District and college policy where applicable, and shall not be used:
 - a. To support or oppose any candidate for public office, whether partisan or not, or to support or oppose any issue before the voters of this state or any subdivision thereof or any city, municipality, or local governmental entity of any kind.
 - b. To make personal loans for non-educationally related purposes, except that such loans be made when specifically authorized by a trust instrument under which the funds were received.

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|--|---|
| REFERENCE: Board Rules, Chap. XIII Article 13107.13 | TOPIC: Insurance |
| ISSUE DATE: | INITIATED BY: Business Services |
| CHANGES: | DATE OF CHANGES: |

1. An auxiliary organization shall secure and maintain insurance adequate to protect its operations from catastrophic losses and as required by law including but not limited to the following:
 - a. Comprehensive liability
 - b. Property and extended coverage, when applicable
 - c. All risks, money and securities
 - d. Fidelity and performance bonds covering its chief fiscal officer
 - e. Automotive liability when applicable
 - f. Workers' Compensation and/or defense base act
2. In any insurance policy secured by the auxiliary organization the District shall be named as additional insured.
3. A copy of each policy or endorsement or insurance certificates setting forth and coverages and limits shall be provided to the District within 30 days from the receipt of the document.
4. In obtaining the insurance coverage, the auxiliary organization may secure the insurance directly through its own broker or through the District.

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|---|--|
| REFERENCE: Board Rules, Chap. XIII Article 13107.14 and 13108.12 | TOPIC: Acceptance of Grants, Bequests, Trusts, Donations and Gifts by Districtwide Auxiliary Organizations |
| ISSUE DATE: | INITIATED BY: Educational Services & Business Services |
| CHANGES: | DATE OF CHANGES: |

1. Solicitation of funds or proposals for specially funded projects may be submitted to federal or state agencies, public or private corporations, private foundations or individuals only with the prior written approval of the board of directors of the auxiliary organizations.
2. A Districtwide auxiliary organization may accept any grant, bequest, trust, donation or gift which is consistent with the services, programs and functions of the auxiliary organization as approved by the District.
3. The acceptance of all grants, bequests, trusts, donations and gifts shall be by the board of directors of the auxiliary organization.
4. The auxiliary organization shall maintain an inventory of all donations and gifts with respect to content, description, name and address of donor, and if applicable, date of disposal.
5. All grants and trusts shall be recorded and accounted for to maintain the integrity and purposes of the grant or trust. Such records shall disclose any income earned and all expenditures made.
6. All grants, trusts and bequests accepted shall not be in conflict with law and shall be administered by the auxiliary organization in strict conformance with any conditions of the grant, trust or bequest.
7. The Chancellor or his/her designee shall decide, after consulting with the donor, whether a donor's proposed gift to the District should be accepted by the District or referred to an auxiliary organization.

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|--|--|
| REFERENCE: Board Rules, Chap. XIII Article 13107.14 | TOPIC: Acceptance of Grants, Bequests, Trusts, Donations and Gifts through College Auxiliary Organizations |
| ISSUE DATE: | INITIATED BY: Instructional & Student Support Services |
| CHANGES: Sections 1 & 2 | DATE OF CHANGES: January 31, 2003. |

1. College auxiliary organizations may solicit proposals for and/or accept funds from federal or state agencies, public or private corporations, private foundations or individuals for Federal or specially funded projects that may be subject to audit by the awarding agency provided the following occurs: (a) there is prior Board of Trustees' approval; (b) periodic financial status reports are made to the Chancellor or designee; and (c) the program operation is subject to review by Internal Audit.
2. College auxiliary organizations may solicit proposals for and/or accept funds from federal or state agencies, public or private corporations, private foundations or individuals for specially funded projects that do not require status and/or financial reports and are not subject to audit by the awarding agency only with the written approval of the board of directors of the college auxiliary organizations.
3. The acceptance of all grants, bequests, trusts, donations and gifts shall be by the board of directors of the auxiliary organization.
4. College auxiliary organizations shall accept only those grants, bequests, trusts, donations and gifts which are to be used for purposes consistent with the policies of the college and the auxiliary organization.
5. The college auxiliary organization shall maintain an inventory of all donations and gifts with respect to content, description, name and address of donor, and if applicable, date of disposal.

6. All grants and trusts shall be recorded and accounted for to maintain the integrity and purposes of the grant or trust. Such records shall disclose any income earned and all expenditures made.
7. All grants, trusts and bequests accepted shall not be in conflict with law and shall be administered by the auxiliary organization in strict conformance with any conditions of the grant, trust or bequest.

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|--|--|
| REFERENCE: Board Rules, Chap. XIII Article 13108.14 | TOPIC: Financial Assistance to Students |
| ISSUE DATE: | INITIATED BY: Educational Services & Business Services |
| CHANGES: | DATE OF CHANGES: |

1. Federal, state or local financial assistance programs which require status and/or financial reports and may be subject to audit by the awarding agency may be administered only through a District-wide auxiliary organization.
2. All other student loans, scholarships, stipends, and grants-in-aid shall be accepted upon negotiated criteria consistent with the requirements of the donor and the purposes of the auxiliary organization. These criteria will be applied in good faith in the recruitment, advertising and selection of appropriate candidates.
3. Student loans, scholarships, stipends and grants-in-aid shall only be given to currently admitted students. In no case shall the financial assistance exceed the amount necessary to cover books, school fees, and living expense, except as provided under Board Rule 13107.11.
4. A record of all financial assistance provided through an auxiliary organization shall be forwarded on a timely basis to the college financial aid office and shall be documented on student financial aid recipient records kept in that office.
5. All financial assistance provided from funds of Associated Student Body auxiliary organizations shall be approved by the college financial aid office before such funds are expended, and shall not exceed amounts to be provided under regulations of federal and state financial aid programs.

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| REFERENCE: Board Rules, Chap. XIII Article 13107.16 | TOPIC: Limitation on Transfer of Funds to Auxiliary Organizations |
| ISSUE DATE: | INITIATED BY: Business Services |
| CHANGES: | DATE OF CHANGES: |

No funds or resources, other than funds or resources derived from gifts or bequests, shall be transferred by the District, or by any college within the District, to any of its auxiliary organizations for the purpose of either avoiding laws or regulations which constrain community college districts or of any state funding mechanism. Such state funding mechanisms include but are not limited to, general apportionment funding, capital outlay funding, Extended Opportunity Programs and Services funding, and funding for programs and services for handicapped students.

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| REFERENCE: Board Rules, Chap. XIII Article 13108.15 | TOPIC: List of Auxiliary Organizations in Good Standing |
| ISSUE DATE: | INITIATED BY: Business Services |
| CHANGES: | DATE OF CHANGES: |

Each year the Chancellor shall provide the Board of Trustees a list of all auxiliary organizations in good standing. All auxiliary organizations which, after periodic review in the manner specified hereinafter in these regulations, are found to be in compliance with applicable laws, policies and regulations, shall be included in the list.

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| REFERENCE: Board Rules, Chap. XIII Article 13108.15 | TOPIC: Removal of List of Auxiliary Organizations in Good Standing |
| ISSUE DATE: | INITIATED BY: Business Services |
| CHANGES: | DATE OF CHANGES: |

1. When the Chancellor has reason to believe that a particular organization should be removed from the list of auxiliary organizations in good standing, a conference shall be held to determine whether such grounds for removal do in fact exist. The board of directors of such organization shall be entitled to participate in this conference, and shall have a minimum of one month notice to prepare response to the issues which have been raised.
2. Based upon such conference, the Chancellor shall decide whether the particular organization shall be removed from the list of auxiliary organizations in good standing.
3. An organization so removed shall not be permitted to do any of the following:
 - a. Use the name of the Los Angeles Community College District or a college of the District.
 - b. Have as a director any official in the District acting in his/her official capacity.
 - c. Operate a commercial service for the benefit of the District or any of its colleges.
 - d. Receive gifts, property or funds to be used for the benefit of the District or any of its colleges.
4. If the auxiliary organization is dissolved or ceases operations upon removal from the list of organizations in good standing, its net assets and liabilities shall be distributed according to the terms of the written agreement between the organization and the District.

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| REFERENCE: Board Rules, Chap. XIII Article 13109.11 | TOPIC: Compliance Review by Chancellor |
| ISSUE DATE: | INITIATED BY: Business Services |
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1. For an auxiliary organization serving the District, periodic reviews shall be conducted of all auxiliary organization procedures and practices to determine compliance with policies, rules and regulations of the Board of Governors and the District. The Chancellor shall designate the individual to conduct this review, which shall be conducted at the end of the first complete fiscal year after its establishment and at least once every three years thereafter.
2. When the Chancellor's designee determines, after inspection and review, that certain auxiliary organization procedures and practices are not in compliance with policies, rules and regulations of the Board of Governors and the District, a recommendation concerning the items of noncompliance shall be communicated in writing to the Chancellor and to the board of directors of the auxiliary organization. The board of directors shall reply in writing within one month, either describing the actions which will be taken, including time table, to bring said procedures and practices into compliance; or describing the reasons why the board considers the procedures already to be in compliance.
3. If the Chancellor's designee considers the proposed corrective actions to be acceptable, the auxiliary organization shall be so informed. A second compliance review shall be held at the end of the time agreed to and the results communicated in writing to the Chancellor and to the board of directors.
4. When the auxiliary organization fails to provide an acceptable proposal for corrective actions or fails to implement successful corrective actions within the agreed upon time, the Chancellor shall inform the board of directors of such further action as he/she considers appropriate, which may include removal from the list of auxiliary organizations in good standing and a recommendation to the Board of Trustees for termination of the contract.

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| REFERENCE: Board Rules, Chap. XIII Article 13109.12 | TOPIC: Compliance Review by College |
| ISSUE DATE: | INITIATED BY: Business Services |
| CHANGES: | DATE OF CHANGES: |

1. For an auxiliary organization which primarily serves a single college, the Vice President of Administrative Services shall conduct an annual compliance review of all procedures and policies and shall make recommendations to the president of the college and the auxiliary organization governing board concerning those procedures and practices which are not in compliance with the Education Code, District policies, rules and regulations, college policies and the organization's own articles of incorporation, by-laws and written agreement with the college.
2. Similar procedure to those applied to an organization serving the District shall be followed to provide the college auxiliary organization with opportunity to take corrective action.
3. When the auxiliary organization fails to provide and/or implement an acceptable program of corrective action, the president shall inform the auxiliary organization and the Chancellor of further action he/she considers appropriate, which may include removal from the list of auxiliary organizations in good standing and a recommendation to the Board of Trustees for termination of the contract.

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| REFERENCE: Board Rules, Chap. XIII Article 13109.11 | TOPIC: Use of College or District Name |
| ORIGINAL ISSUE DATE: | ORIGINALLY INITIATED BY: Business Services |
| CHANGES: | DATE OF CHANGES: January 12, 1999 |

1. Except for student body associations organized and operating under Education Code Section 76060 et seq., no organization may use the name of the Los Angeles Community College District or a community college of the District or otherwise represent a relationship with the Los Angeles Community District or a college of the District unless it has been recognized and established as an auxiliary organization by the Board of Trustees and is in good standing with the District.
2. Upon an auxiliary organization's loss of good standing with the District or upon notification of the Chancellor, the auxiliary organization shall immediately cease and desist from using the name of the Los Angeles Community College District or a community college of the District.

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| REFERENCE: Board Rules, Chap. XIII Article 13112 | TOPIC: Revision of Rules and Procedures |
| ISSUE DATE: | INITIATED BY: Business Services |
| CHANGES: | DATE OF CHANGES: |

Rules and procedures for the administration of auxiliary organizations in conformance with Board Rules, Chapter XIII may be revised as necessary by the Chancellor or designee. The board shall be promptly notified in writing of such revisions and be informed of the date by which any changes in the organization's procedures must be accomplished.

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| REFERENCE: Board Rules, Chap. XIII Article 13113 | TOPIC: Definitions |
| ISSUE DATE: | INITIATED BY: Business Services |
| CHANGES: | DATE OF CHANGES: |

1. Board of Directors. The term Board of Directors as used herein means the governing board of the auxiliary organization.
2. Board of Trustees. The term Board of Trustees as used herein means the Board of Trustees of the Los Angeles Community College District.
3. Board of Governors. The term Board of Governors as used herein means the Board of Governors of the California Community Colleges.
4. Chancellor. The term Chancellor as used herein means the Chancellor of the Los Angeles Community College District or designee.
5. District. The term District as used herein means the Los Angeles Community College District.
6. Associated Student Body. The terms Associated Student Body, Associated Student Organization, Student Association, Student Organization, or ASB as used herein mean an organization formed by any group of students from a college of the District in accordance with the provisions of Education Code Section 76060. All clubs and organizations recognized by an Associated Student Body or Organization shall be included in any auxiliary organization established by the Student Body or Organization.