

LOS ANGELES COMMUNITY COLLEGES
OFFICE OF THE CHANCELLOR
ADMINISTRATIVE REGULATIONS

INDEX NUMBER AO-9

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)	

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INDEX NUMBER AO-10

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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INDEX NUMBER AO-11

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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INDEX NUMBER AO-17

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.

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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.

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.

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.