CHIEF FINANCIAL OFFICERS FISCAL OVERSIGHT OF AUXILIARIES

Definition

The auxiliaries exist solely for the purpose of assisting the university in its educational mission. In recognition of this special relationship, even though each auxiliary is legally a separate entity, its Governing Board and management are subject to university oversight. Each auxiliary shall comply fully and in a timely manner with all applicable state, federal and not-for-profit corporation regulations, and CSU and university policy and directives. Auxiliary Governing Boards and management shall make themselves available for discussions with university personnel regarding auxiliary matters and shall respond in a timely and complete manner to relevant correspondence from university officials.

The university President has the responsibility and the oversight authority for all activities of university auxiliary organizations. The university President has designated the Chief Financial Officer/Vice President for Finance and Administrative Services as the university officer responsible for the fiscal oversight of all recognized university auxiliaries.

Each auxiliary shall be governed by a Governing Board, which shall include at least one representative of the university President and the campus Chief Financial Officer in addition to the other membership. The President’s representative and campus Chief Financial Officer shall be voting members.

Authority

Executive Orders 753, 731, 648, & 369 issued pursuant to authority granted by Education Code Sections 89756, 89301 – 89304, 42402-42404, and 42500 - 42602 of Title 5, California Code of Regulations; Compilation of Policies and Procedures for California State University Auxiliary Organizations; Standing Order of the Board of Trustees of The California State University, Sections 1-2 of Chapter III; RCPP&C 05-93-13, Section 16430 of the Government Code.

Scope

This policy and any related procedures apply to all current and future auxiliaries of California State University San Marcos including the Associated Students, Inc., the San Marcos University Corporation, and the California State University San Marcos Foundation.

Alexander Gonzalez, President

6/21/12

Approval Date
ORGANIZATIONAL REQUIREMENTS

1. Auxiliary organizations may be established and operated only for purposes, which benefit the university. They must be non-profit entities. They must be approved by and remain in good standing with the CSU Chancellor's Office.

2. Each auxiliary shall have a set of by-laws approved by the university President and/or designee and adopted by its Governing Board.

3. Each auxiliary shall be governed by a Governing Board, which shall include at least one representative of the university President in addition to the other membership required. This shall be a voting member.

4. Each auxiliary must have a current written agreement with the university. This agreement shall delineate the scope of operations in which each auxiliary may engage. Before an auxiliary may engage in other activities not specified in the agreement, an appropriate amendment shall be made and approved by all parties approving the basic agreement.

5. All changes to Auxiliary By-Laws shall be subject to review by the Chief Financial Officer/Vice President for Finance and Administrative Services (herein after referred to as CFO) and/or designee prior to Board of Directors approval.

6. All new Board members, except those with previous comparable experience, shall receive an orientation conducted by the Executive Director in a format approved by the CFO and/or designee.

FINANCIAL REQUIREMENTS

Each auxiliary must operate in a financially prudent manner. Each auxiliary shall prepare an annual budget to be approved by the university President or his/her designee. Auxiliaries are responsible to operate within their approved budgets and to establish and maintain adequate financial reserves. The university CFO or his/her designee must approve deviations of a budget line item or overall budget total of more than 10% in major budget categories or overall budget total. The CFO shall keep the university President informed of any major deviations. Auxiliary funds shall be expended in a prudent manner and only for authorized purposes, and proper financial records shall be maintained. The Executive Director shall develop regular management information reports for the Board of Directors, the CFO, and the university President. Annually the Executive Director of Associated Students, Inc. shall provide the CFO and/or designee financial reports pertaining to the maintenance of university chartered student clubs and organizations.

The university CFO’s official designee for matters concerning auxiliary organizations shall be the Associate Vice President for Finance and Business Services.
CHIEF FINANCIAL OFFICERS OVERSITE OF AUXILARIES PROCEDURE

Implementation Date: 6/21/2002

COLLECTION AND USE OF STUDENT BODY ORGANIZATION FUNDS

All unexpended funds and monies collected on behalf of a student body organization, except for funds and monies collected from commercial services, shall be deposited in trust by the CFO.

All monies collected by the campus on behalf of a student body organization under Sections 89046, 89047, 89300, 89301, and 89750 of the Education Code shall be available for the purposes of the student body organization as approved by the trustees.

The CFO is the custodian of these monies and shall provide the necessary accounting records and controls.

These funds may be expended by the custodian only upon the submission of an appropriate claim schedule by officers of the student body organization.

The campus shall be reimbursed by the student body organization an amount to cover the cost of the custodial and accounting services provided by the campus.

SELECTION OF INDEPENDENT AUDITOR

The university CFO shall participate in the selection of all independent auditors for university auxiliary organizations. In the event that the CFO does not agree with the university auxiliary, the university President shall make the selection of an independent auditor.

AUDITS AND INTERNAL REVIEWS

The CFO or his/her designee shall be a regular board member of each auxiliary organization committee responsible for audit oversight and participate in the Independent Audit and CSU Internal Compliance/Internal Control Review Entrance and Exit conferences.

Each auxiliary shall arrange for an annual financial audit and review by an independent CPA firm. In addition, each auxiliary’s financial activity is subject to periodic review and/or audit by university and/or CSU Chancellor's Office personnel. Each auxiliary Executive Director has the responsibility to provide requested information during the audit/review in a timely and complete manner, to respond promptly and completely to the audit report and to take applicable and corrective action in a timely and proper manner, and to coordinate with university personnel on any shared corrective actions.

AUDIT REPORT RESOLUTION

The auxiliary organizations shall provide to the university CFO monthly reports on follow-up of previous audit findings, and the results of any internal audits performed.
RISK MANAGEMENT & SAFETY

Each auxiliary is responsible to ensure the safety of its personnel, all other members of the campus community, and campus visitors. Particular attention shall be paid to safety regarding applicable events both on-campus and off-campus. It is the responsibility of each auxiliary to maintain proper coordination with the University Police and the University Risk Manager. Each auxiliary is responsible to provide adequate insurance and other coverage as prescribed in their individual operating agreements and in compliance with the Chancellors Office directives. Appropriate insurance policies shall remain in effect at all times, and all contracts shall have appropriate language to safeguard the university.

DISPUTES

The university CFO or his/her designee shall facilitate disputes/disagreements and solutions between auxiliaries and the university when they cannot be resolved between the parties in a timely manner. The university President shall make the final decision if necessary.

COST RECOVERY

Auxiliary organizations must be charged for any direct and/or indirect costs associated with the university providing fiscal oversight of their operations. The CFO must ensure that auxiliary enterprises are charged for allowable direct costs plus any allowable portion of indirect costs associated with facilities, goods, and services provided by the university and funded from the General Fund.

BUSINESS ACTIVITIES

While the university CFO provides fiscal oversight for all auxiliaries, the Executive Directors of auxiliary organizations are responsible for writing and enforcing all the necessary business policies and procedures needed to meet the mission and purpose of their organization.

Auxiliary organizations must abide by the applicable state, federal and non-profit regulations, CSU system-wide policies, and university policies.

STEWARDSHIP

The CFO shall initiate investigations, audits, etc, as necessary to ensure fiscal stewardship of auxiliary finances and assets.

CONSTRUCTION MANAGEMENT OVERSIGHT

The university CFO, the Executive Dean for Planning Design and Construction, and the Deputy Building Official are delegated oversight responsibility for all campus construction.