TRUST FUND MANAGEMENT POLICY

**General Information:**

College Trust Funds at Cape Cod Community College are authorized under Section 22, Chapter 15A of the General Laws of the Commonwealth of Massachusetts.

The Board of Trustees of the College is vested with the authority to approve the establishment, abolition, or modification of all trust funds.

The purpose, terms, and conditions under which each trust fund shall operate shall be clearly stated.

Trust funds are used to complement state appropriations in order to ensure sufficient funding of an institution's total needs.

**Types of Trust Funds:**

The term "trust funds" as used in higher education refers to non-appropriated funds held by the public institution of higher education. Sources of income include auxiliary enterprises such as bookstore and cafeteria commissions, grants and contracts, entitlement programs such as scholarship and the various federal student aid programs, lab and instructional materials fees, revenues generated by Local tuition and fees, and gifts or endowments which are donated to the College.

There are two general types of trust funds. These include discretionary and non-discretionary trust funds. Both types of trust funds are subject to the policies of the Board of Trustees of Cape Cod Community College.

*Discretionary Trust Funds* are those trust funds which may be used to meet any institutional need, consistent with the mission of the College. Discretionary trust funds are subject to the guidelines and standards promulgated by the Massachusetts Board of Higher Education well as the policies of the Board of Trustees.

*Non-discretionary Trust Funds* are those trust funds which are set up to accept funds from or on behalf of a third party. Examples include student activity fees, outside grants and contracts, scholarship and student aid trust funds and endowments and/or gifts made to the College. Non-discretionary trust funds are subject to the terms and conditions imposed by the sponsoring agency or organization. These terms and conditions represent a contract regarding the use of funds accepted by the College. Non-discretionary trust funds are subject to the policies of the Board of Trustees of Cape Cod Community College but are exempted from the guidelines and standards of the Board of Higher Education.

**General Policy:**

A. The request for the establishment of a new trust fund or the modification or abolishment of an existing trust fund shall be presented to the Board of Trustees as a recommended action by the President for the approval of the Board of Trustees.

Such requests shall be accompanied by such supporting materials and rationale.

B. All trust funds shall be maintained in accordance with state laws and regulations as established by the Board of Trustees, the Board of Higher Education, and the state comptroller.
C. All trust funds shall be maintained in accordance with generally accepted accounting principles and will be subject to audit by the State Auditor, the Board of Higher Education, a qualified auditor approved by the Board of Trustees or by appropriate federal agencies.

D. All trust funds are irrevocably dedicated to and shall be operated exclusively for non-profit purposes. No part of the income or assets shall be distributed to nor inure to the private benefit of any officer or employee of the College except as provided by law, regulation or policy.

E. The Board of Trustees of Cape Cod Community College has adopted the “Standards for Expenditure of Trust Funds” as approved by the Board of Higher Education. Such standards and guidelines shall be augmented and/or clarified by policies and procedures which are adopted by the Board of Trustees.

Budgeting and Reporting:

Budgets for trust fund income and expenditures should be prepared concurrently with the budget process for state funds. The President shall present all budgets to the Board of Trustees for their review and approval.

Once trust fund budgets are approved by the Board of Trustees, no line item change requires Board approval unless the change increases the total trust fund budget, except as required in the Standards of Expenditures of Trust Funds as approved by the Board of Trustees on January 28, 1997 (Section I, Responsibility and Reporting, Number 9 which lists eight specific exceptions which require Board approval regardless of the amount of the expenditures). Check this section

Trust fund reports, comparing actual to budget and summarizing significant trust fund financial activity, will be provided to the Board of Trustees on a quarterly basis. Budget reports will be distributed to the appropriate responsibility center managers on a monthly basis.

Management and Internal Controls:

The trust funds shall be under the management of the President of Cape Cod Community College and his/her designee and the President may prescribe such administrative rules concerning such trusts as he/she shall deem necessary to accomplish its their stated purposes. All annual budgets for trust funds established during the annual budget process must be approved by the President.

All individuals designated to be directly involved in the receipt of and preparation of expenditures from trust funds must be bonded under the College's honesty and trust bond.

The authority to approve legal instruments (contracts) indebting the trust funds is reserved to the President and/or the Executive Vice President of Administration & Finance of the College.

Checks and withdrawals from savings or checking accounts in an amount of less than one thousand dollars ($1,000.00) shall require the signature of only one of said named or designated persons. Checks or withdrawals of one thousand dollars ($1,000.00) or more shall require the signature of two of said named or designated persons.

The trust fund accounts are to be reconciled monthly by an individual properly bonded who does not participate in the receipt of or disbursement from each fund.

Financial records of the trust funds shall be open to inspection at all times by authorized representatives of the state auditor's office, the compliance auditor's office of the Board of Higher
Education, Board of Trustees, or a public accounting firm designated by the Board of Trustees and/or the President of the College.

The fiscal year of all trust funds shall end on the final day of June in each year.

Any person involved in the management, administration or operation of the trust funds shall not directly or indirectly enter into or participate in any contract or business or other agreement with said trust funds in any manner nor shall they receive any payment or benefit from such trust funds except when such payments are in accord with state laws, state comptroller's regulations, or regulations promulgated by the state secretary of administration and finance for activities which should be reimbursed via state funds if such funds were available.

Trust fund cash that is in excess of monthly requirements should be transferred within each account to an investment account in which a higher interest percentage is paid. All accounts, regardless of size, are to be maintained in a federally insured, interest bearing account. All investments shall be consistent with rules and regulations of the state comptroller.

No contract or other agreement entered into by the College trust funds as established by the Board of Trustees of the College, nor any legal instrument executed by the trust funds shall bind or be deemed to bind or pledge the credit of Cape Cod Community College, the Massachusetts Board of Higher Education or the Commonwealth of Massachusetts.

Notwithstanding any provision of this document, no substantial part of the activities of the trust funds shall be for the carrying on of propaganda, or otherwise attempting to influence legislation or intervention in any political campaign (including the publishing or distributing of statements) on behalf of any candidate for public office, nor shall the trust funds conduct any other activity not permitted a corporation exempt from taxation under the provisions of Section 501 8 (3) of the Internal Revenue Code of 1954 or acts in amendment thereof.

(Originally approved September 19, 1989; revised June 27, 1996)

Approved by Board of Trustees
June 25, 1997
June 27, 1996
September 19, 1989