

Auxiliary Fund Transfer Information Session

SJSU Finance – December 2012 & January 2013

Auxiliary Review Project Overview

Review of funds held by Auxiliaries (per C.O.)

- Preliminary communication in Spring 2012 What's Up ✓
- Identified need for SJSU Miscellaneous Trust Fund, announced at Fall 2012 What's Up ✓

Transfer of funds to SJSU following review

- Identified funds held at Foundations that need to be deposited with SJSU ✓ (Tower pending)
- Communication regarding transfer process and implications (now)

Remember this?

WHAT'S UP – SPRING 2012

New Guidance on Auxiliaries

- CSU has provided new guidance on funds deposited with the Auxiliaries
- Going forward, the Auxiliaries and the Bursar's Office may ask new questions about funds being deposited
- Why...If SJSU is deemed the “owner” of a revenue-generating activity, it must hold the funds (not the Auxiliary)

Auxiliary or SJSU?

Examples of revenue-generating activities:

- Fundraising events (golf tournaments, banquets, raffles, silent auctions)
- Sporting events
- Performances

**Activities like these are subject to “ownership”
determination**

Ownership Determination

Demonstration of “ownership” of an activity:

1. Authority and discretion to contract for services or materials required by the activity
2. Responsibility for business losses (covers losses)
3. Fiduciary obligations associated with the activity (ensures appropriate financial management)
4. Responsibility for establishment of operating and administrative policies
5. Primary control or discretion over the expenditure of funds

ISSUES UNCOVERED DURING THE AUXILIARY REVIEW

Ownership Issues Uncovered

There are several instances of Fee-for-Service activities that utilize SJSU's assets (space, equipment, personnel) being deposited in the Auxiliaries, such as:

- Charging for the use of SJSU facilities and equipment, or other assets (e.g., art rental)
- Fees collected for student performances or other work (e.g., design work) that count towards the student's academic progression
- Proceeds from the sale of SJSU assets

Key Points

SJSU Assets = SJSU is Owner
SJSU Credit = SJSU is Owner

Ownership Issues Uncovered – cont'd

Units are collecting money for mixed purposes that do not fit with any one entity (SJSU, Research, Tower...)

- Convocation ticket proceeds are being used for purposes other than convocation expenses
- Some ticket prices include a donation

Ownership is difficult to determine – case by case basis

The Auxiliary Fund Transfer

Finance worked with Division contacts to identify SJSU chartstrings for accounts/funds that move over from the Foundations (eff. 1/2/13)

- Some new trust funds were established for activities that did not meet the criteria for the SJSU Misc Trust Fund (mainly revenues over \$5,000)
- Departments will begin seeing the moved funds in the CFS Data Warehouse on January 3rd or 4th
- Beginning January 2nd, all deposits and charges for these activities must be run through SJSU.

Departments Should Consider:

Need for eMarket storefront to collect revenues?

- See Bursar's website for merchant application

Open contracts/purchase orders that need to be re-opened under SJSU?

- Enter remaining PO balance (as of 12/14/12) in FTS and contact Finance Connect with questions

Employees that need to migrate to SJSU?

- SJSU working with Foundations on a plan for transition that will avoid a break in pay

Remember this?

WHAT'S UP – FALL 2012

SJSU Miscellaneous Trust Fund - 65183

For revenues and expenses associated with infrequent and small-scale activities, such as:

- Convocation celebrations where tickets are sold to friends and family
- Revenues associated with the sale of educational materials or services to non-SJSU parties
 - Must be directly associated with an academic program or a faculty member's area of specialization

Example #1 – Scholarly Newsletter

Nutrition & Food Science Department produces a periodical newsletter regarding healthy food choices and charges a small fee for a subscription.

- Cost of duplication/printing/graphic design, and possibly staff time related to producing the newsletter are charged to fund 65183.
- Subscription fees are deposited to fund 65183.

Example #2: Music Recordings

Music department makes sound recordings on SJSU's historical instruments and makes them available via download for a small fee (advances knowledge).

- Cost of recording the music is charged to fund 65183
- Download fees (revenues) are deposited to fund 65183

Limitations in Fund 65183

- Revenues should not exceed \$5,000 per year
 - Contact University Budget Office if you have special requirements
- Expenditures associated with the revenues **MUST** be charged to the fund
 - Example: Convocation catering costs attributed to friends and family (SPLIT THE REQUISITION)
 - Example: Cost of printing/duplicating newsletter
 - **DO NOT LEAVE COSTS ON THE OP FUND (70000)**

RULES

1. **No Profiteering! Revenues should only cover identifiable costs. “Discretionary funds” should not be the result!**
2. **Do not compete with local service providers – partner with them!**
3. **No conferences: Go through Research Foundation**
4. **No student fees: Must go through Campus Fee Advisory Committee process**

WIIFM (What's in it for Me)?

- Allows departments to do things they may not afford with University support, but are still valuable to our educational mission
- Can partially relieve the Op Fund of expenses, freeing up some monies there

Year-End Balances in Fund 65183

- Fund balances will roll forward to the department automatically – even negative ones!
- The University Budget Office will review all cases where a department's revenues exceed \$5,000 in a year to determine whether use of the SJSU Miscellaneous Trust is appropriate.
- Funds in deficit will also be reviewed and a work-out plan developed with the department.

Management Reporting

The Principles of Management Reporting are:

- Consistency
- Accuracy
- Integrity
- Reliability

...Show you **C.A.I.R.** about SJSU!

QUESTION & ANSWER



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UNIVERSITY