FCMAT

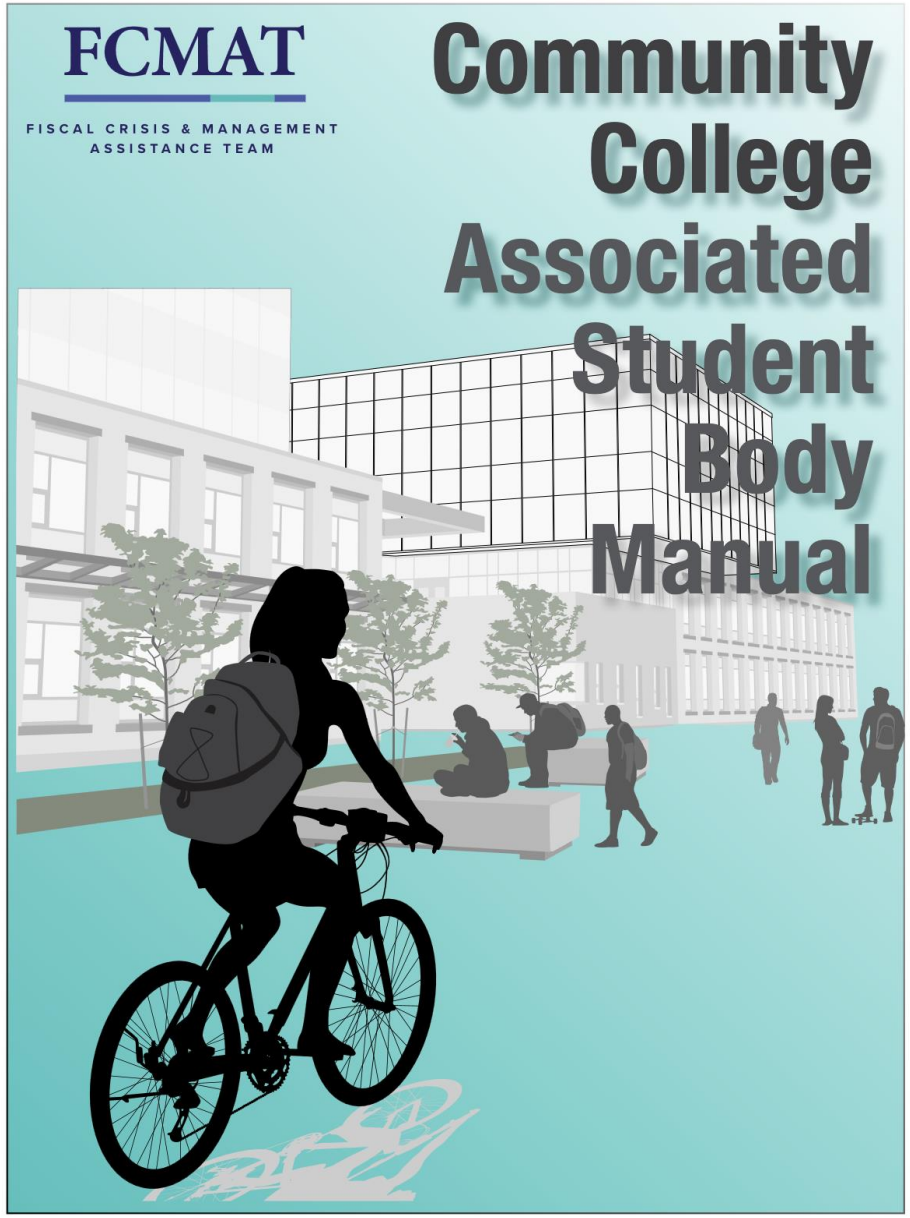
FISCAL CRISIS & MANAGEMENT ASSISTANCE TEAM

# Associated Student Body Workshop for Community Colleges

November 9, 2026

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# *The FCMAT Community College ASB Manual*




- College-specific associated student body (ASB) manual.
- 12-page table of contents.
- 333 pages of examples and forms.
- Sample college ASB administrative regulation for student activities funds.
- Downloadable, editable Microsoft Word forms.
- An example Microsoft Excel spreadsheet of modifiable and expandable college practices, allowable/unallowable activities, fundraisers, and expenditures.
- Available free at www.fcmat.org under “Publications & Reports.”

# FCMAT College ASB Manual – What's New?

- The most significant revision to the manual involved the separation of guidance for TK-12 school districts and community college districts.
- The updated manual includes new or expanded ]guidance on:
  - Virtual ASB and club meetings.
  - Disposal of ASB equipment.
  - Delivery of goods to ASB.
  - Certificated Instructors, faculty and club advisors.
  - Sample student activities administrative regulation.

# FCMAT College ASB Manual – What's New? (cont.)

- The updated manual includes new or expanded guidance on:
  - Inactive clubs, club mergers, closures and dissolution.
  - ASB and college closures.
  - Repurposing ASB Funds.
  - Accepting electronic or online payments and donations (e.g., Venmo, PayPal).

# ASB Foundation

**Begins with:**

- **Board Policies**
- **Administrative Regulations**
- **District Business Office Guidelines (e.g., lists of allowable and prohibited activities or procedure manuals).**

# Governing Board Policy and Regulations

- Governing board policies and administrative regulations govern all college operations, including ASB.



**and**



- Board policies and administrative regulations ensure a common understanding and consistent application of allowable fundraisers, expenditures, transactions, etc. (See Education Code [EC] 70902).
  - **Governing board policy is how to get to "yes."**

# Importance of Local Guidance

- The governing board has final authority over everything that occurs in the college, including ASB operations (EC 76060).
- This includes determining whether ASB organizations may operate at the college.
  - If allowed, robust board policies and administrative regulations should outline the operational parameters for ASB, including the allowable and prohibited fundraisers, expenditures, etc.

# Importance of Local Guidance (cont.)

- Because relatively few laws and regulations govern ASB operations, a significant amount of **local guidance** is needed.
- Local guidance is typically developed and administered by the college's business office.
- The business office must establish and communicate consistent guidelines and processes across all campuses to ensure efficient, effective ASB operations that benefit students.

# Governing Board Policies and Administrative Regulations

- Board policies and administrative regulations should address:
  - Establishment of the student body organization.
  - Supervision of activities and approvals by a board designee (often the activities director).
  - Operation and management of ASB finances.
- ASB organizations must be familiar with applicable board policies and administrative regulations.
  - ASB policies must align with governing board policies (e.g., travel reimbursements and facility usage).
  - **Board policies and regulations establish additional rules that ASBs must follow.**

# Governing Board Policies and Administrative Regulations (cont.)

- A comprehensive, up-to-date ASB manual is critical to ensure sound fiscal and operational practices.
- **Board policy should reference the college's ASB manual, and/or the FCMAT ASB manual guidelines for allowable and prohibited activities** to ensure that staff understand the importance of following the manual's guidance.
- The FCMAT ASB manual may also be adopted to supplement board policies, administrative regulations, and procedures governing student life services, interclub council services and student government.
    - Board policy should include language to provide clarity and flexibility to follow the college's policies and procedures when they differ from those in the FCMAT manual.

# Governing Board Policies and Jurisdiction – Gift of Public Funds

- If the governing board has determined that a particular type of expenditure serves a public purpose, benefits the education of students, and is within the scope of the colleges jurisdiction and purpose, courts **will usually defer to the governing board's decision *if*** it has adopted a board policy stating the specific items that are allowable (e.g., scholarships or donations).
- The governing board's authority does not extend to providing aid to the indigent or promoting general social welfare. Other entities may serve these purposes.
- Expenditures driven by personal motives or moral obligations, or for noble or virtuous purposes such as a desire to convey compassion, sympathy, joy, or gratitude, are not justified and generally do not serve a primarily public purpose, and thus are likely unlawful GOPFs, regardless of longstanding local practices.

# Importance of the Business Office

# Business Office Responsibilities

- The college's chief business official should ensure appropriate board policies and administrative regulations govern ASB operations and finances.
- The business office should adopt the *FCMAT College ASB Manual* and/or develop its own ASB manual, handbook, or list of allowable and prohibited purchases, transactions, fundraisers, activities, etc.
- **With support from the business office, the governing board should adopt comprehensive ASB board policies and administrative regulations.**

# Business Office Responsibilities (cont.)

- College administration is responsible for overseeing ASB operations, including fundraising and expenditures.
- The business office must establish procedures, internal controls and oversight consistent with board policy to ensure issues are resolved consistently and effectively.
- All ASB questions should be directed to the business office to promote consistent guidance across administrators and campuses.

# Business Office Responsibilities (cont.)

- If board policy does not address a question, the business office should develop appropriate procedures or guidelines to resolve the issue.
- For questions not addressed in the college's or FCMAT ASB manual, the business office may:
  - Consult the college's external auditors.
  - Search the FCMAT Knowledge Base (www.fcmat.org) for guidance on common ASB questions.

# State Education Code for ASB, The Board Designee, and Faculty/Certificated Employee

# State Law – Education Code

- Top Five ASB Education Code Sections (See Article 4 – Student Organizations for EC 76060-76067):
  - EC 76060: Authorizes governing boards to establish ASB organizations.
  - EC 76061: Requires elected student government officers to be enrolled in at least five semester units at the time of election and throughout their term.
  - EC 76062: Authorizes governing boards to permit ASB activities and fundraising.

# State Law – Education Code (cont.)

- Top Five ASB Education Code Sections (cont.):
  - **EC 76063(e):** Requires preapproval of all ASB expenditures by three parties: an employee or official of the community college district designated by the governing board **(designee)**, the organization's designated **certificated advisor**, and a representative of the particular student body organization.
    - Title 5 of the California Code of Regulations, Section 5531 (5 CCR 5531): Also establishes requirements for certificated advisors.
  - EC 76065: Requires governing boards to provide oversight and auditing of ASB funds.

# EC 76063 – Board Designee

- The governing **board's designee** may include:
  - College president.
  - Vice chancellor of business and financial services.
  - Chief financial officer (CFO).
- When authorized, the designee may further delegate responsibilities to an **ASB advisor,** such as:
  - Vice president of student services.
  - Dean of student services.
  - Student activities coordinator.
- EC 70902(d): Authorizes the governing board to delegate powers to the chief executive officer or other employees.

# EC 76063 – Board Designee (cont.)

- When authorized by the governing board or its designee, the ASB advisor responsibilities may be further delegated to:
  - ASB program manager.
  - ASB program coordinator.

Because the designee position can vary, the FCMAT ASB manual refers to the designated individual as the **Administrator Responsible for Student Services.**

# Faculty = Certificated Employee = ASB Advisor

- Faculty members may serve as the certificated employee/advisor.
- The Board of Governors establishes minimum qualifications for faculty to teach in a particular discipline.
- Colleges define a teacher, instructor or professor (faculty) and the minimum qualifications to teach.
  - Assembly Bill 1725 eliminated community college teaching credentials in 1990, replacing them with minimum qualifications. See the California Community Colleges Chancellor's Office handbook, *Minimum Qualifications for Faculty and Administrators in California Community Colleges*.

# Faculty = Certificated Employee = ASB Advisor (cont.)

- For ASB advisor eligibility, teachers, instructors, and professors are considered faculty.
- Faculty who meet the college's minimum qualifications, including subject matter experts, may serve as ASB advisors.
  - For example, an automotive mechanic program instructor who meets the college's minimum qualifications may serve as an ASB advisor without a master's degree or teaching credential because they have sufficient automotive knowledge (subject matter expert) to be a college instructor.

# ASB Basics

# Preapproval = Typically Allowable

# The Basic Questions

- What fundraisers are allowed?
- How can ASB and its clubs spend their funds?
- What expenditures are allowable?
- How do we account for ASB and club transactions?
- What are the roles and responsibilities of those involved in ASB operations?
- **Remember:** Each college and governing board is different.
  - Most ASB questions are resolved through college-specific policies and business office guidelines defining allowable and prohibited activities.

# How To Document an Allowable ASB Purchase

- The process, from fundraising to purchasing:
  - **Budget** – Sets the framework for planned fundraisers and expenditures.
  - **Minutes** – Documents student discussions and intentions.
  - **Fundraiser Preapproval** – Documents fundraising purposes and the need for funds.
  - **Revenue Potential** – Documents planned and actual financial outcomes.
- **Expenditure Preapproval** – Authorizes spending in advance (e.g., ASB purchase orders).

# How To Document an Allowable ASB Purchase

- Together, these documents describe the students' intent and justify proposed purchases.
- Most forms require three approval signatures; a fourth is often added for student council approval.

# ASB Essentials – Discuss and Plan

## Planning for the Year and Documenting Student Discussions and Decisions

**Budget**

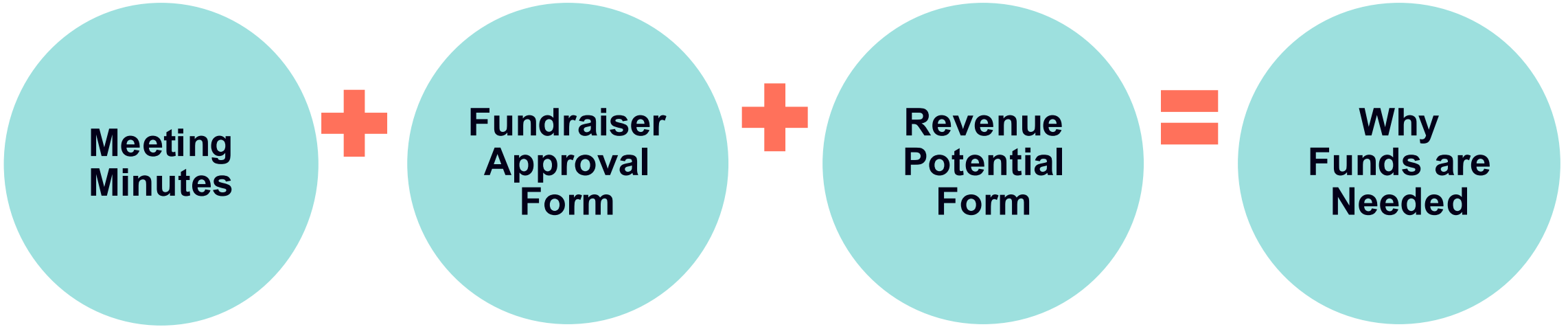
(sets the framework for the year)

**Minutes**

(documents student intentions)

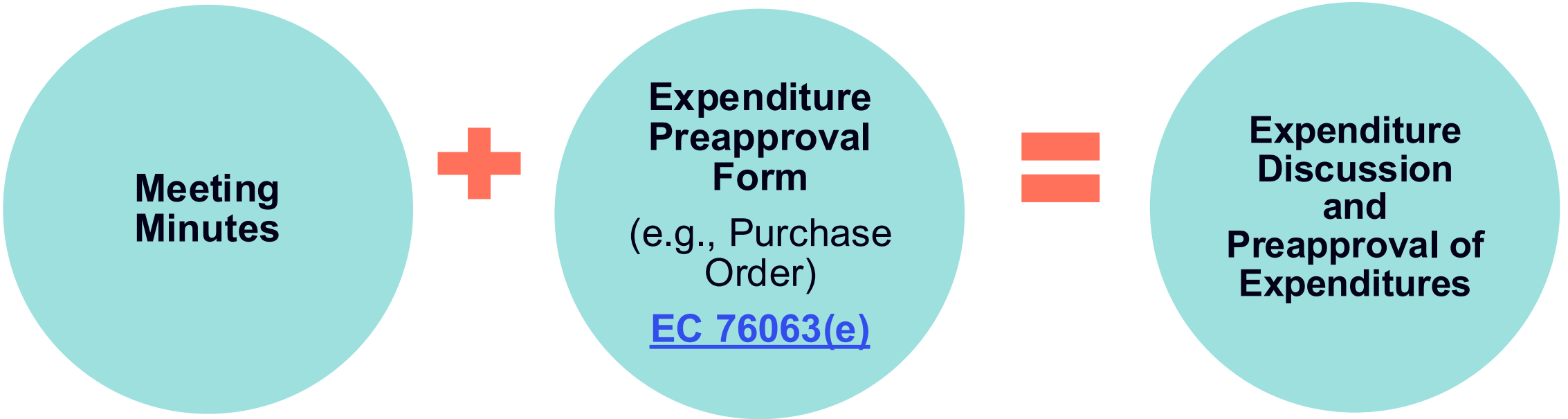
# ASB Essentials – Raising Funds

**Fundraising = Preapproval to Raise Funds for Planned Expenditures**



# ASB Essentials – Expenditure Preapproval

## Preapproval = Authorizing the Expenses



# Club Budgets

- Every student council, club, and class group must have a budget if part of the ASB.
- A budget is only an **estimate**.
  - If the budget goes off track or circumstances change during the year, it can be revised.
- Budgets typically cover one year.
  - **Prepare next year's budget early,** do not wait.
    - A budget is needed to conduct business.
  - Next year's budget can be as simple as using the current year actual revenue and expenditures and applying it to next year.

# Club Budgets (cont.)

- Students need to participate in the budgeting process.
- ASBs should require that a budget be in place and approved **before** a club enters into any spending commitments.
  - **No Budget = No Spending!**
- While annual carryover of unspent funds is generally allowable, students should be strongly encouraged to spend all funds raised before the end of the school year.
  - If necessary, the following are acceptable:
    - Seed money for the next year.
    - Reasonable carryover balances.
    - Preapproved multiyear projects.

# Club Budgets (cont.)

- Ideally, board policy should set a maximum allowable carryover amount or percentage. However, a waiver form could allow students to carry over funds beyond the set limit under certain circumstances.
- Budget balances that exceed the carryover amount should be discussed and planning should occur to spend the excess.
  - Excessively high-budget balances may need a spend down plan.

# ASB Minutes Requirement

- The student council and each club must prepare and maintain a record of each meeting.
- Minutes should include details of all proceedings, including any actions taken.
- Minutes should demonstrate that policies and procedures are being followed by ASB.
- Minutes need to be concisely and clearly written.

# ASB Minutes Requirement (cont.)

- Any information introduced at the meeting, such as proposed fundraisers and expenditures, lists of purchase orders, checks, financial information, and letters, should be attached to the original copy of the minutes and kept on file.
- The club secretary, or whoever took the minutes, should sign the minutes when they are completed.
  - Minutes should **never** be signed by nonattending students or administrators.
- Minutes should be reviewed and approved at the next meeting.
- A binder should be maintained of all approved minutes for the school year.

# Fundraising

- Education Code 76062 requires student organizations to obtain approval from the governing board/designee **before** any fundraiser takes place.
  - **Best Practice:** ASB fundraising events should be approved at the beginning of the school year by the board or its designated representative. The governing board should also establish policies and administrative regulations that delineate allowable and prohibited fundraising activities.
- School-connected organizations should coordinate the timing of their fundraisers with ASB to avoid competing with ASB events.

# Fundraising (cont.)

- Fundraising is all forms of activities that students raise money.
- A student store is a fundraiser.
- A fundraiser may be a single event, multiple events, or an activity that occurs all year (e.g., student store).
- The fundraiser approval form should document the number of events or activities that comprise the fundraiser.

# Revenue Potential

- Complete a Revenue Potential Form for each fundraiser.
  - This form is an internal control requirement and could be cited as a finding in the college's independent audits if not in existence.
  - A Revenue Potential Form is **not** the same as a fundraiser approval, unless both activities/actions are documented on the same form.
- Revenue Potential Forms should include an **estimate**, **actual results**, and **the difference**.
- A Revenue Potential Form **can** also serve as the document to:
  - Ensure the administrator responsible for student services/ASB advisor is informed of and approves all fundraising activities at the college.
  - Notify the bookkeeper of an upcoming deposit.
  - **It is a Financial Plan!**

# ASB Essentials – Always Use Purchase Orders (Preapproval Forms)

- Education Code (EC) 76063(e) requires ASBs to preapprove all expenditures.
  - Preapproval is by three individuals: An employee or official of the college designated by the governing board, the certificated employee who is the designated advisor of the ASB, and a representative of the ASB.
- Even if a vendor does not accept an ASB purchase order, prepare one anyway as evidence of preapproval.
  - Think of the purchase order (PO) as the preapproval form.
- Prepare a PO for employee reimbursements.
  - The PO payee is the check payee.

# What it Means to be Part of ASB

# It is All About the Students

- ASB includes:
  - Fundraising.
  - Participating.
  - Doing.
  - Learning.
  - Experiencing.
  - Making decisions

  **ASB exists because of students, and students must be involved every step of the way.**

# Organized ASB

- All community colleges are organized ASBs.
- These ASB activities are organized around student clubs, class groups, and the student council.
- Students retain primary authority over decision-making.
- Even though most college students are typically adults EC 76065 requires "… supervision of all funds raised by any student body or student organization using the name of the college."

# Student Participation

- College ASBs have more requirements about involving the students, including:
  - Holding formal meetings.
  - Developing budgets.
  - Planning fundraisers.
  - Determining how ASB/club funds will be spent.
  - Approving payments.
- Advisors/administrator responsible for student services provide assistance, advice, oversight and additional approvals.

# Supervision

- College students are typically adults; however, most college board policies require students to be supervised.
- The best practice is that students are supervised:
  - To achieve the best outcome for students' activities and to monitor for student safety, FCMAT recommends that students be supervised by at least one administrator/advisor at all activities.
- Supervision is also a key monitoring activity to ensure that board policy, administrative regulations, student council/ASB club constitutions and bylaws, and other rules, regulations, and best practices are followed.

# ASB Clubs

- All clubs, including activity clubs, must be approved.
  - This is necessary to comply with the typical ASB constitution and bylaws, as well as for liability reasons.
- Each club must have a faculty club advisor, and only that advisor can additionally approve expenditures and activities.
  - **Tip:** Require that the club's application and/or constitution and bylaws identify an alternate or substitute advisor to ensure coverage and compliance.

# ASB Clubs (cont.)

- A formal ASB club application should be completed that includes the:
  - Titles, powers and duties of the club officers and the manner of their election.
  - Scope of proposed activities.
  - Name of the organization or club.
  - Name of, and endorsement from, a faculty club advisor.
- New clubs must be approved by the:
  - Student council.
  - Administrator responsible for student services.
- The student life or the interclub council typically assist with starting or renewing clubs.

# Class Groups as ASB Clubs

- Class groups (e.g., First Year Class, Class of 2028) **must operate like a club** and adhere to the same requirements and internal controls, including:
  - Having a faculty member of the college serve as the club advisor.
  - Holding formal meetings.
  - Developing budgets.
  - Planning fundraisers.
  - Deciding how funds will be spent.
  - Approving payments.
  - Obtaining preapprovals for fundraising and expenditures, etc.
  - Operating under the direction of the student council.
- Students hold the primary authority over decision-making.

# Student Club and Trust Accounts

- A **club** (trust account) is:
  - Composed of students currently enrolled at that **specific college**.
  - Formed by students to fulfill a specific purpose (which is stated in the club's constitution).
  - Administered by an advisor who is a faculty employee of the community college district.
- Students **must** play a major role in the club.
- Students are the primary authority when making decisions.

# Student Club and Trust Accounts (cont.)

- Each club must have:
  - An approved constitution and bylaws.
  - Elected officers.
  - An approved budget.
  - Regular formal meetings.
  - Minutes of meetings.
- Clubs report to the student council.
- All club expenditures must be approved in advance.
- Funds are held in trust by student council (trust funds).
- Try to spend funds for same reason it was raised.

# Inactive Clubs

- The ASB constitution or bylaws should define an **inactive** club (e.g., no activity for 18 months) and specify what happens to the funds.
  - If the constitution or bylaws are silent, the funds will revert to the general ASB account.
  - **Note:** The length of inactivity is not specified in Education Code. It is best to establish this in the ASB/club constitution or bylaws.

# Trust Accounts and Fiduciary Duty

- What is “fiduciary” responsibility?
  - Fiduciary responsibility, more commonly referred to as fiduciary duty, is the legal obligation to act solely in another party’s interests. This duty requires individuals to act with care, competence, and diligence. It is the strictest duty of care recognized by the US legal system.
- All college employees involved with ASB, regardless of their role, have a fiduciary responsibility to act in the best interests of the students. This responsibility includes:
  - Securing and monitoring student funds on behalf of the students.
  - Maintaining appropriate internal controls to ensure that student funds are protected at all times.

# School-Connected Organizations

- Booster clubs, foundations, or auxiliary organizations (nonstudent) funds **cannot** be commingled with ASB funds.
  - Nonstudent groups cannot deposit funds into ASB accounts unless the funds are being donated to ASB.
  - Once donated, only student organizations control how the funds will be used (in accordance with board policies and ASB guidelines).
  - Booster, foundation, auxiliary organizations and student groups must keep their funds and activities separate.
  - **For more guidance on school-connected organizations, refer to Chapter 20 of the FCMAT ASB manual.**

# ASB Accounts

- ASB accounts should not be used as pass-through or clearing accounts.
- Only the following should be deposited into ASB accounts:
  - Funds raised by ASB, clubs, or class groups.
  - Donations made to ASB or its clubs or class groups.
- Commingling non-ASB funds with ASB funds should be strictly prohibited because it creates significant issues:
  - It can appear as fraud or negligence.
  - It complicates the tracking and reconciliation of ASB funds.

# Funds that Do Not Belong in ASB

- Non-ASB funds, including but not limited to pass-through or clearing funds, should be transferred to a college-approved, non-ASB account such as a local college donation account.
- **Unless the funds are truly intended for the ASB and its clubs,** donations from students or community members/groups should be deposited into the non-ASB college account and not accounted for or through ASB.
- Locally collected funds, such as parking/library fines or snacks or coffee for faculty, should not be deposited in the ASB account unless they are part of ASB fundraising efforts and intended to support ASB or its clubs.
- If non-ASB funds are deposited in error, they must be removed out of the ASB account. Only ASB trust funds belong in the ASB trust accounts.

# Roles and Responsibilities

# Roles and Responsibilities

**College President | Vice President / Dean of Student Services/Administrator | ASB advisor | ASB Bookkeeper/program assistant**



**Responsible for Enforcing and Communicating**

**All Applicable Laws, Policies and Procedures**

# College President

- The president of a community college is responsible for ensuring that board policies are implemented and that employees follow those policies.
- In addition, the president is responsible for establishing the procedures employees use to remain in compliance with board policy.
  - This is normally done by establishing and implementing administrative regulations.
- They act as the supervisor of the student body organization's activities. If they delegate this authority, the individual to whom that authority is delegated should be identified in board policy. This individual is often referred to as the "designee." If the designee also has the option to further delegate this authority, that too should be identified in board policy.
-

# Administrator Responsible for Student Services - ASB Advisor

- The ASB advisor:
  - Acts as a critical link between the college business office, ASB bookkeeper/program assistant, and students.
  - Attends all ASB activities.
  - Must supervise **each** club and student council/college leadership class, including all ASB/club activities.
  - Works directly with students on a day-to-day basis.
  - Ensures that adequate internal controls are in place.

# Administrator Responsible for Student Services - ASB Advisor (cont.)

- The ASB advisor:
  - Helps students in preparing the annual budget and revenue projection estimates for fundraisers.
  - Approves expenditures alongside students and the board designee.
  - Ensures clubs meet regularly and keep meeting minutes.
  - Reviews all budgets, financial reports and transactions with students.
  - **Ensures all applicable laws, policies and procedures are followed.**

# Denial of Activity

- The administrator responsible for student services/ASB advisor should understand that the will of the students should come first unless there is a specific conflict with laws or regulations, governing board policy, student safety, district liability, the educational process, college culture, or other specific reason **to deny an event, expenditure or other student council or club decision**.
- A student council or club decision should not be denied because the administrator responsible for student services/ASB advisor dislikes or disagrees with a decision made by the students.
  - Any denial must be supported by a valid reason.

# ASB Bookkeeper/Program Assistant

- The ASB bookkeeper/program assistant is responsible for safeguarding ASB and club money held at the college and:
  - Ensuring funds get to the ASB bank account in a timely manner.
  - Managing receipts from the ASB advisor until they are deposited.
  - Preparing proper financial records of financial transactions (e.g., club reports, check registers, deposit registers) in accordance with established procedures and policies.
  - Providing necessary materials to ASB advisors for fundraisers, and keeping stock on hand (e.g., change boxes, receipt books, prenumbered tickets).
  - Processing purchase orders, payments, and invoices.
  - Preparing bank reconciliations monthly.

# ASB Bookkeeper/Program Assistant (cont.)

- The ASB bookkeeper/program assistant:
  - **Ensures compliance with applicable laws, ASB procedures and policies.**
  - Works with the administrator responsible for student services/ASB advisor and college's business office to complete and review all operational checklists.

# Student Council

- The student council: (e.g., associated students (AS), student leadership, student senate).
  - Represents the students.
  - Holds primary authority over decisions regarding the use of student-raised funds.
    - Approves all general ASB expenditures alongside the administrator responsible for student services/ASB advisor.
  - Develops and approves the annual budget for the student council.
  - Must approve its own expenditures before any spending occurs.

# Student Council (cont.)

- In some colleges, the student council approves club expenditures **before** the purchase order/preapproval form is signed and authorized by the club.
- In others, it approves club expenditures **after** the purchase order/preapproval form is signed and authorized by the club.
- In some cases, the student council does not approve club expenditures but is kept informed of them.
- The student council must preapprove its own expenditures before any spending occurs.

# Student Council (cont.)

- The student council is responsible for authorizing **all**:
  - Student clubs.
  - Student club budgets.
- It is also responsible for reviewing **all**:
  - Student club fundraising events.
  - Student fund purchases and expenditures.
  - Student club financial reports.
  - Student club reconciliations.
  - Any additional matters it chooses to review.

# What Happens When a Class Graduates?

- ASB funds can only be spent on **current** students.
- If a class is graduating, any remaining funds should be:
  - Spent before graduation;
  - Gifted to another ASB club at the same college; or
  - Gifted to the general ASB at the same college.
- Balances cannot follow students to another college campus.
  - Funds must remain at the campus where they were raised.
- If a class graduates without deciding how to spend its remaining funds, the balance will typically revert to the general ASB unless board policy or the club's constitution or bylaws state otherwise.

# Fundraising

# Fundraising as a Group of Students

- Students should participate and make contributions to fundraising events voluntarily.
- Students cannot be excluded from an activity funded by ASB because they did not participate in fundraising.
- Fundraising proceeds should not be attributable to specific students based on the amount they raised.
  - All funds are raised to benefit the entire club or student group, not individual students.
- **Student fundraising is always optional!**

# Extra Credit for Fundraiser Participation

- Fundraiser participation should never be required for course credit, extra credit, or participation in activities.
- Student council, ASB and club activities are separate from the regular college curriculum.
- Offering extra credit for fundraising is inequitable to students who may be unable to fundraise.

# Shared or Joint Fundraisers

- Shared fundraisers involving clubs, colleges, or other organizations are generally allowable with proper approval.
- A shared fundraising form or agreement should outline the revenue sharing arrangement, participation rules, operating parameters, and all other applicable conditions.
- Each participating club or entity should:
  - Approve the fundraiser.
  - Agree to its conditions.
  - Sign the fundraising agreement.
  - Record its acceptance and approval in meeting minutes.

# Student Council Fundraising for Other Clubs

- General ASB/student council fundraising for individual clubs may establish unintended precedents.
- If the student council provides fundraising assistance to clubs, eligibility criteria should be established in the ASB constitution or bylaws.
- General ASB funds raised for other purposes should not be diverted to individual clubs; separate fundraising should be conducted instead.

# Fundraisers – Unreturned Items

- Board policy or administrative regulations should be developed that define the procedures and rules governing unsold items.
- The ASB should include in the documents provided to students (and their parents if the student is a minor) at the beginning of the fundraiser a statement indicating that they are responsible for returning unsold items and all funds collected from items sold and describing the process in case of unreturned items or funds.
- The student (or the student's parent or guardian if they are a minor) should sign a board-approved form acknowledging that they are responsible for unreturned items and any missing cash attributable to the sales.

# Fundraising Parameters – Refunds

- When funds are received as donations, public entity and nonprofit IRS guidelines apply.
  - Occasionally, donors may request a refund of their donation.
    - To help with this issue, add language in a board policy stating that money received by ASB through ASB fundraising is nonrefundable. Alternatively, implement board policies that define the college's refund parameters and conditions.
- **Tip:** Include a statement in fundraising announcements, such as:

  *ASB fundraising donations are nonrefundable. If the fundraising activity does not raise sufficient funds for the intended purpose, the funds may be used for other "similar" ASB-approved activities.*

# Fundraising Surpluses and Deficits

- When a club raises funds, there must be a purpose in mind, and that purpose should be stated and approved on the fundraising approval form.
- Accordingly, when funds are raised for a specific reason, even if there is surplus, the money cannot be used for just anything.
  - The surplus must still be used for the stated purpose whenever possible.
- If a fundraiser does not raise the intended proceeds, the club should hold another fundraiser to cover the deficit.
- Other clubs should not use their unspent balances to cover another club's shortfall.
  - This practice is unfair and inappropriate because the students in the donating club raised the money without receiving any benefit in return.

# Accepting Donations

- ASB can gladly accept donations of money or property if the donation is for appropriate ASB expenditures.
- However, donations cannot be:
  - Required or mandatory.
  - A prerequisite for participation in any program or activity.
- All ASB rules and guidelines apply to any received donations.
- Be sure to review the governing board's policy on donations for any special provisions or instructions on how ASB donations are to be acknowledged or accepted, and by whom.

# Fundraising Games of Chance

# Generally Unallowable Fundraisers and Fees

- The following activities are generally unallowable:
  - **Games of chance:** Raffles, bingo, and similar activities (Penal Code 319, 320, 320.5, & 326.5; See *FCMAT Community College ASB Manual*, Chapter 20).
  - **High-risk activities:** Events that pose safety or liability concerns.
    - Will the college's liability policy cover injuries at the proposed event?
  - **Rental of college property:** Renting college-owned equipment or facilities to outside groups.
    - **Remember:** The college owns this property!
  - **Unauthorized fees:** Charging fees not permitted by the Education Code (EC 70902(b)(9)).
    - If a fee is not allowed by the Education Code, do not charge it!

# Raffles and Games of Chance

- Raffles include any instance where:
  - Money is paid for a ticket or chance to win.
  - A ticket is offered with the purchase of another item, such as a T-shirt.
  - A ticket is offered in exchange for a donation.
  - A ticket is given away without a fee or payment.
- Even if tickets are given away or without a fee or payment (e.g., opportunity drawings), this is still a chance drawing and is therefore considered a raffle. The Penal Code requires that everyone must receive a ticket to be compliant, which is usually impossible. Individuals who do not attend the event or meet certain conditions could claim they were denied a chance to win, even though they were not present and did not participate.

# Silent Auctions

- Silent auctions are generally allowable and are not considered a game of chance. Bidders do not pay for a chance to win an item.
- Bidders bid an amount to purchase an item based on its perceived market value.
- Only the highest bidder pays, making it a purchase transaction rather than a game of chance.

# Typically Allowed or Unallowed Expenses

# Generally Allowable ASB Expenses

- ASB expenses must:
  - Comply with the law and local board policy.
  - Promote students' general welfare, morale and educational experience.
  - Be directly linked to the students' benefit.
  - Be preapproved.
  - Fall outside the scope of what the college should provide, or has provided in past, from its own general funding sources.
  - Benefit a group of students (with few exceptions).
  - Be something "extra" that the students really want.

# Examples of Generally Allowable ASB Expenses

- Examples of expenditures that enhance students' educational experience include:
  - Student magazines and newspaper subscriptions.
  - Supplemental equipment for student use not provided by the college (e.g., 3-D printers, media equipment).
  - Field trips or excursions.
  - Social events for students.
  - Student awards for excellence (if permitted by board policy).
  - Substitute faculty coverage when the advisor is absent for an authorized ASB event.
  - Transportation costs.

# Typically Unallowable ASB Expenses

- Ask these questions:
  - Does the expense directly promote the general welfare, morale or educational experience of the students?
  - Does the expense benefit students as a group?
  - Are you certain the expense would not be considered a gift of public funds?
- If the answer to any question is "**no**," the expense is likely unallowable from ASB.
- Also, consider whether the expense is an appropriate ASB or club expenditure. If students chose not to fundraise, would the college still need to cover the expense? If so, it is almost certainly not an appropriate ASB or club expenditure and should be paid by the college.

# Typically Unallowable ASB Expenses (cont.)

- **Remember:** Students are the primary decision-makers in ASB. Faculty/employees cannot pressure or compel students to spend their funds in a certain manner. Additionally, **faculty cannot spend ASB funds for any reason without preapproval from the students!**
- Typically unallowable ASB expenses include:
  - Classroom furniture, supplies and equipment.
  - Faculty and employee salaries and benefits.
  - Instructional materials and classroom supplies.
  - Repair and maintenance of college equipment or facilities.
  - Faculty meeting costs,
  - Employee clothing or attire (e.g., coaches' uniforms).

# Typically Unallowable ASB Expenses (cont.)

- Typically unallowable ASB expenses include (cont.):
  - Employee appreciation meals.
  - Regalia, caps and gowns, tassel, sash (e.g., grad bag) for graduation ceremonies.
  - Flowers or decorations for a district awards ceremony or commemorative event.
  - Presents or gifts to anyone, including employees, volunteers or students.

# Gift of Public Funds

- Expenditures of college funds must serve a direct and primary public purpose to avoid constituting a gift of public funds.
  - Private individuals may benefit only “incidentally.”
  - The approved public purpose must be within the scope of the college’s jurisdiction and purpose.
- Expenditures that directly and tangibly benefit students’ education are more likely to be justified.
  - Expenditures driven by personal motives are not justified, even if they reflect a long-standing custom or benevolent intent.

# Gift of Public Funds (cont.)

- To justify the expenditure of public funds, the governing board must determine that the expenditure will benefit the education of its students.
- Courts generally defer to the board's determination if it formally designates an expenditure as serving a public purpose — so **include it in board policy**!
- Expenditures that may constitute gifts of public funds unless specifically addressed in board policy include:
  - Scholarships.
  - Donations to charity.

# Student Compensation – Generally Prohibited

- Compensating students with stipends, wages, or scholarships for performing ASB duties is generally prohibited.
- ASB participation, including leadership roles, is voluntary.
- Paying students for ASB leadership roles raises equity concerns and may trigger payroll and payroll tax withholding, employee benefits, and collective bargaining obligations.
- Compensation also conflicts with the voluntary nature of ASB participation.
- Alternative payments, such as gift cards or scholarships, may be considered unreported compensation or attempts to avoid payroll taxes.

# Donations to Charities and Other Organizations

- Donations to charities of student funds are generally considered a “gift of public funds” because the funds have been raised under the college’s nontaxable status.
- Students may organize fundraisers to support specific charities, provided the fundraiser approval form properly identifies the fundraising purpose.
  - Ideally, the checks should be written directly to the nonprofit organization or charity.
    - An exception is possible only if the governing board or its designee approves a special fundraising event, with the funds properly segregated within the ASB account.
- Charitable donations are not allowed for individual students or families in need. A legal foundation must be established separate from the college.

# Awards, Scholarships, Gifts, & Appreciation Meals

# Awards

- EC 70902 and 76060-76067 grant governing boards broad authority over expenditures of public funds and ASB operations.
- Governing boards should adopt rules and regulations regarding allowable awards.
  - If no policies or regulations have been adopted, no awards are allowed, even for students.
- Board policies, administrative regulations, and student organization bylaws (e.g., student government, student life, interclub council, individual clubs) should establish criteria for recognizing student excellence and achievement.
- ASB funds should only be used for student awards, not employee awards.

# Awards (cont.)

- Board policy should specify:
  - Which student awards are allowable.
  - The criteria for receiving them.
  - The maximum value of each award.
- Allowable student or club awards may include trophies, flowers, plaques, certificates, shirts, club of the year, and similar items.
  - **Tip:** The more robust the list of allowable awards, the more likely students, parents and the community understand what is permitted.
- ASB funds cannot be used to provide awards to community members, parents, or volunteers.

# Gifts = Gift of Public Funds

- If an item is purchased for a specific student and is not an allowable award, it is considered a gift.
- **Gifts are unallowable**, regardless of their value.
- There is a common misconception that “de minimis” or trivial gifts (e.g., under $20 per person) are allowable. This is incorrect: a small gift is still a gift!
- Gift certificates and gift cards are ordinarily characterized as gifts of public funds, even when purchased for an event with a public purpose, because they confer a tangible private benefit to an individual.
  - **Tip:** To avoid making a gift of public funds, ask merchants or individuals to donate gift certificates.
- If students want to give gifts, they should use private funds, not public funds.

# Scholarships

- Scholarships are allowed if:
  - The governing board or an authorized designee approves the donation.
  - Acceptance of the donation, along with any conditions attached to the donation as prescribed by the donor, is documented in writing.
  - A statement is included outlining the disposition of any remaining or unused balances.
- Donations for scholarships cannot be designated for specific student(s).
- Each scholarship and trust account must be established separately.
- Students may organize fundraisers to raise money for scholarships if:
  - The governing board approves a special fundraising event; and
  - The funds are properly segregated within the ASB account.

# Scholarships (cont.)

- For scholarships to be allowable using ASB funds, the following conditions must be met:
  - An unbiased committee selects the recipients.
  - The selection criteria is determined before any fundraising or donation acceptance begins.
  - The scholarship checks are made payable directly to the college.
    - If checks are issued directly to students, there must be a board policy — fully vetted by the college's legal counsel — that expressly allows the action. However, **FCMAT does not recommend making checks payable directly to students**.

# Employee Appreciation Meals = Gift

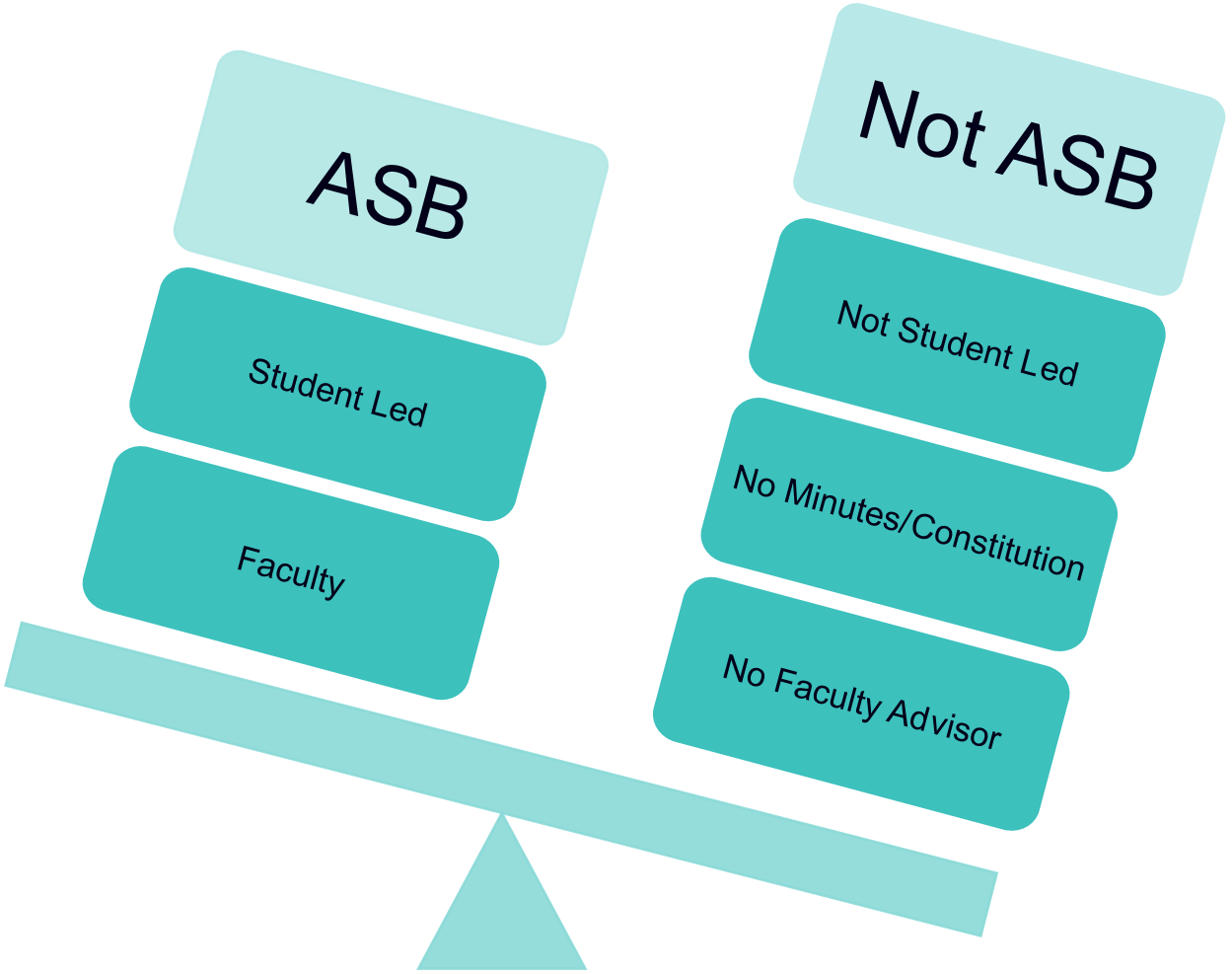
- Employee appreciation meals are never allowable and are considered a gift of public funds because:
  - They do not qualify as awards.
  - They do not provide a direct or substantial purpose for students.
- ASB funds cannot be used to provide financial or in-kind recognition to faculty, administrators, or other nonstudents.
- Appreciation meals are a form of in-kind recognition. ASB student funds and resources cannot be used to provide appreciation to nonstudents.

# Sports and Athletics

# Sports and Athletic Clubs

- For sports revenues and expenditures to be accounted for within the ASB account, the sport must meet the same requirements as all other ASB clubs.
- If the college's athletic director is a faculty employee, they may serve as the club advisor.
  - **Remember:** The club advisor – a faculty employee – must be present at all club activities. Even if a nonfaculty coach is supervising an event, the faculty advisor must also be in attendance.

# Sports and Athletic Clubs (cont.)



# Internal Controls

# Contracts for ASB

- Contracts are legally binding documents.
  - Those who are authorized to sign contracts under governing board policy are the same individuals that are allowed to sign ASB contracts, unless board policy states otherwise.
  - Contract policies and procedures protect ASB, the students, and their assets.

# Consultants/Vendors

- Consultants or vendors may be independent contractors, not college employees (e.g., disc jockeys, photographers).
- Consultants or vendors should not be employees of the college or paid as an employee in **any** other capacity.
  - If the proposed consultant or vendor is an employee of the college, they cannot be paid as a consultant for the work.
    - In such cases, the work should be paid for through the college's payroll, with ASB reimbursing the college.
    - The extra work is reported on the employee's annual W-2 issued by the college.

# Consultants/Vendors (cont.)

- ASB must preapprove the expense before the work begins.
- Consultants or vendors are paid directly by ASB with a vendor check.
- Consultants or vendors should complete Form W-9 before beginning work.
  - Income is reported on IRS Form 1099 annually through the college's business office.

# Examples of ASB Internal Controls

- Examples of ASB internal controls include:
  - Prohibiting the payment of expenses out of cash receipts.
    - Deposit the cash and then write a check.
  - Requiring a purchase order/requisition be completed prior to purchase.
    - Otherwise, ASB/college is not obligated to pay for the expenditure.
  - Requiring the checkbook and extra check stock be stored in a safe, secure place.
  - Requiring checks that are incorrect or not issued be voided.
  - Prohibiting the signing of checks in advance.
    - Have at least one backup signer (but more are allowed).
  - Requiring that checks be used in the proper sequence.

# Examples of ASB Internal Controls (cont.)

- Examples of ASB internal controls include:
  - Prohibiting making checks out to “cash.”
  - Requiring that all checks have two signatures.
  - Prohibiting signature stamps and requiring the use of wet signatures only!
  - Ensuring that payments are made only upon submission of original documents/receipts (i.e., proof of purchase).
  - Requiring that services or goods are received and authorized before payment is made.
  - Ensuring that the student council and each club prepares and maintains a record of each meeting and any actions taken.

# Examples of ASB Internal Controls (cont.)

- Examples of ASB internal controls include:
  - Requiring that bank reconciliations be completed within two weeks of receiving bank statements, with proper review and approval afterward.
  - Requiring the use of prenumbered receipt books or tickets.
  - Maintaining adequate controls over the storage of prenumbered tickets and receipt books.
  - Ensuring that all individuals involved in ASB operations participate in annual training programs.

# Examples of ASB Internal Controls (cont.)

- Examples of ASB internal controls include:
  - Requiring dual cash counts.
    - Always count funds with a witness and countersign the proper deposit forms.
  - **Requiring the use of tamper-evident sealed plastic bank bags at all levels of custody.**
  - Requiring that all checks be endorsed with “For Deposit Only…”
  - Ensuring that cash is never left unattended.
    - If the office manager or employee who normally receives cash is not available, assign another individual to receive the deposit and sign for the received funds. The cash should be double-counted by the assigned employee and the individual delivering it.

# Examples of ASB Internal Controls (cont.)

- Examples of ASB internal controls include:
  - Requiring that deposits be made timely (at least every 2-3 days).
    - Make the bank deposit **the same day**, if possible.
    - Never leave undeposited money at a campus over weekends or holidays.
  - Ensuring that overages and shortages are reported.
    - Treat the loss of tickets the same as the loss of cash.

# Examples of ASB Internal Controls (cont.)

- Examples of ASB internal controls include:
  - Requiring that budgets developed for each club and ASB.
  - Ensuring the completion of revenue potential forms.
  - Conducting inventory control for vending machines, stores and concession stands.
  - Prohibiting the commingling of receipts from separate events.
  - Requiring the immediate delivery of all event proceeds to the ASB bookkeeper/program assistant.

# Examples of ASB Internal Controls (cont.)

- Examples of ASB internal controls include:
  - ASB funds **must** be safely stored:
  - The safest place for money is in the bank
  - The second safest place is in a **safe**.
  - **Funds should never be taken home, put in a desk drawer, or stored in a locked file cabinet.**
  - If you cannot deposit the money with the bursar or in the bank that day, **place the money in a safe with a witness present!**

# Examples of ASB Internal Controls (cont.)

- Examples of ASB internal controls include:
  - Requiring that all ASB documents be fully completed and turned in timely.
    - This includes payment of invoices, which could be from vendors, consultants or staff.
  - Requiring proper supporting documentation for all payments and maintaining a complete and transparent accounting of all ASB expenditures.

# Internal Controls – Inventory Controls

- Inventory control helps safeguard against theft and is an internal control, similar to ticket controls.
- Conduct an inventory count by:
  1. Beginning inventory
  2. + Plus purchases
  3. - Minus sales
  4. = Ending inventory
- Colleges should physically count inventory at regular intervals.
- Without adequate inventory procedures, inventory is often sold and the cash stolen.
- Good inventory systems help prevent employees from being falsely accused of inventory theft.

# Internal Controls – Journal Entries and Transfers

- Controls are necessary for all journal entries, especially those that adjust cash balances.
  - The purpose for the journal entry/transfer must be documented with a detailed reason and needs supporting documentation.
- A journal entry/transfer should be prepared only with prior written approval by the ASB advisor and designee.
- All journal entries/transfers should be recorded in club meeting minutes.
- Any journal entry that is not properly documented or approved is a fraud indicator.

# ASB Bank Accounts

- Only the college's central business office should open or close bank accounts.
- Governing board action is typically necessary to open or close bank accounts.
- The college's central business office must be notified when a bank account needs to be modified.
- ASB bank accounts are for the exclusive use of the ASB organization.

# ASB Bank Accounts (cont.)

- ASB bank accounts should always be in the name of the ASB organization rather than the name of any individual.
- Only ASB funds should be deposited into ASB accounts.
- There must be at least two signatories on each check.
  - These signatories should not include students.
  - The bookkeeper should not sign checks.

# External Auditors

- External auditors are a good resource when you have questions.
- They provide an annual audit report that:
    - Confirms whether internal controls are within the audit requirements.
    - Details their findings and includes recommendations to correct any deficient procedures.
    - Protects the college by offering a third-party line of defense for why policies and procedures are necessary.
- Auditors report directly to the governing board.

# When You Have Questions

- If you have questions:
  - Work with the college's business office first. No one knows the rules and policies of your college better.
  - Ask your auditors. They have an annual responsibility to review your college, including ASB.
  - Review the FCMAT ASB manual at www.fcmat.org.
  - Search FCMAT's Knowledge Base of previous questions and responses.

# Questions?

# Thank You for Attending!